ANNUAL REPORT

2014/2015





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Preface

Section 121 (1) of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) stipulates that: "Every municipality and municipal entity must for each financial year prepare an annual report in accordance with its guidelines."

The purpose of the annual report is to:

- (a) Provide a record of the activities of the eThekwini Council during the financial year 2014/2015;
- (b) Provide a report on performance against the budget of the eThekwini Council for the financial year 2014/2015; and
- (c) Promote accountability to the local community for the decisions made throughout the year by the Municipality.

According to the MFMA, this Report should include:

- (a) The annual financial statements of the Municipality, and consolidated annual financial statements, submitted to the Auditor-General for audit in terms of section 126 (1) of the MFMA;
- (b) The Auditor-General's audit report in terms of section 126 (3) of the MFMA on the financial statements in (a) above;
- (c) The annual performance report of the Municipality as prepared by the eThekwini Municipality in terms of section 45 (b) of the Local Government: Municipal Systems Act 32 of 2000 (MSA);
- (d) The Auditor-General's audit report in terms of section 45 (b) of the MSA;
- (e) An assessment of the arrears on municipal taxes and service charges;
- (f) An assessment of the Municipality's performance against the measurable performance objectives referred to in Section 17 (3) (b) of the MFMA for revenue collection from each revenue source and for each vote in the Municipality's approved budget for the financial year 2014/2015;
- (g) Corrective action taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d); and
- (h) Recommendations of the Municipality's Audit Committee.

ACRONYMS

ABM Area-based management

ABET Adult basic education and training AQMP Air quality management plan

ARVs Anti-retrovirals

BEE Black economic empowerment
BPM Business process management
BPO Business process outsourcing

BSU Business Support Unit
CAPMON Capital Monitoring
CBD Central Business District

CBOs Community-based organisations

CE City Enterprises

CHH Child-headed households

CIFAL Relates to the French term, translated: International training centre for local

authorities

CM Cato Manor

CM/MM City Manager/Municipal Manager

CMP Coastal management plan

COGTA Department of Co-operative Governance and Traditional Affairs

CPI Consumer price index

CSIR Council for Scientific and Industrial Research

DAEA Department of Agriculture and Environmental Affairs

DCM Deputy City Manager

DEAT Department of Environmental Affairs and Tourism

DH (ENV) Deputy Head: Environmental Management

DH (PLC) Deputy Head: Pollution Control

DIPA Durban Investment Promotion Agency

DFO Durban Film Office

DPLG Department of Provincial and Local Government

DTI Department of Trade and Industry

DTP Dube Trade Port

EDU Economic Development Unit

EE Employment equity
EFA Electricity for All

EESMP/DMOSS eThekwini Environmental Services Management Plan/

Durban Metropolitan Open Space System

EIA Environmental impact assessment

EMA eThekwini Municipal Area

EMD Environmental Management Department
EMS Environmental Management System
ETA eThekwini Transport Authority

ETM eThekwini Municipality

EPWP Expanded Public Works Programme

ETA eThekwini Transport Authority

EXCO Executive Committee
ESW eThekwini Solid Waste
FBOs Faith-based organisations
GDP Gross Domestic Product

GIPO Geographic Information and Policy Office

GIS Geographic information system

HHLD/HH Household

HR Human resources

ICC International Convention Centre

ICT Information and Communication Technology

IDP Integrated Development Plan
IEP Informal Economy Policy

IMESA Institution of Municipal Engineering of Southern Africa

INK Inanda, Ntuzuma and Kwa Mashu area
IRPTN Integrated Rapid Public Transport Network

IT Information Technology

JDMC Joint Development Management Committee

KM Knowledge management
KPIs Key performance indicators

LAP Local area plan

LED Local Economic Development

LEFTEA Less Formal Township Establishment Act

LGSETA Local Government Sectoral Education Training Authority

LUMS Land Use Management System

LUS Land use system

MDGs Millennium Developments Goals

MFMA Local Government: Municipal Finance Management Act 56 of 2003

MIG Municipal Infrastructure Grant
MOA Memorandum of agreement
MOU Memorandum of understanding
MPCC Multi-purpose Community Centre

MPRA Local Government: Municipal Property Rates Act 6 of 2004

MSA Local Government: Municipal Systems Act 32 of 2000

MTEF Medium term expenditure framework

NBR National Building Regulations
NCOP National Council of Provinces
NDP Nodal development plan

NEPAD New partnership for Africa's development

NGO Non-government organisation
NPA National Ports Authority

OSS One stop shop

PDIs Previously disadvantaged individuals
PMS Performance Management System

PMTCT Prevention of mother to child transmission

PMU Project Management Unit
PPP Public/private partnership
PR Proportional representation

QOL Quality of life

QLS Quality living standards
RFP Request for proposals

RIMMS Roads, Infrastructure Maintenance Management System

ROD Record of decision

SACN South African Cities Network
SAPI South African Planning Institute
SCI Sustainable Cities Initiative
SCM Supply Chain Management

SDB South Durban Basin

SDBIP Service Delivery and Budget Implementation Plan

SD&CE Sustainable Development and City Enterprises (Council committee)

SDP Spatial Development Plan

SDF Spatial Development Framework
SEDA Small Enterprise Development Agency
SETA Sectoral Education Training Authority

SLA Service level agreement

SMS Stormwater Management System
SMMEs Small, Micro and Medium Enterprises

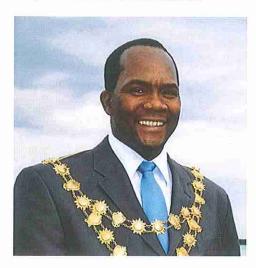
SOE State of the environment
SPU Special Projects Unit
VCI Visual conditions index
WAN Wireless area network

WESSA Wildlife and Environment Society of South Africa

WHO World Health Organisation
WSP Workplace Skills Plan

CHAPTER 1: MESSAGE FROM THE MAYOR

Mayor: Councillor James Nxumalo



Dear eThekwini Municipality Stakeholders,

Ethekwini Municipality has since inception received unqualified audit reports and is continuously striving to obtain a clean audit. Stringent measures have been implemented to strengthen political oversight, especially over supply chain issues and irregular expenditure with the ultimate objective of receiving a clean audit. Governance has also been enhanced by the current roll out of Community Based Planning in the wards. A rapid response task team has been formed to deal with processing of memorandums of grievances and other issues affecting communities. It is a great pleasure to report that the interventions have finally resulted in eThekwini receiving a clean audit. My heartiest congratulations to both our politicians and officials for this landmark achievement.

Our successful bid to host the 2022 Commonwealth Games will see Durban as the very first City in Africa to host the Commonwealth Games. The games are projected to create jobs and provide an estimated R20 billion boost to the local economy. Having invested almost R3.4 billion in sporting infrastructures in the City, the 2022 bid to host the Commonwealth Games is part of the City's integrated strategic and development plan to build the profile of the city as a world-class sporting destination to generate significant economic benefits for the region.

My message in the 2014/15 Annual Report is tinged with sadness as the year was clouded by the spate of xenophobic attacks on so many African immigrants who have sought shelter in our country, due to the hardships they encountered in their own countries. My office with the collaboration of Provincial and National leadership, and civil society organisations managed to return the City to a state of peaceful co-existence. The important point however, is that the time and resources used to resolve this challenge could have been better utilised towards improving the quality of living for all our citizens. I quote our dearly beloved Madiba and pray that such a situation never arise again.

"No one is born hating another person because of the colour of his skin, or his background, or his religion. People must learn to hate, and if they can learn to hate, they can be taught to love, for love comes more naturally to the human heart than its opposite." - Long Walk to Freedom.

Notwithstanding the unrest, the Municipality proved itself as a resilient and sustainable Municipality. Durban was also identified as one of the 'Resilient Cities' by the Rockefeller Foundation, which recognises our programmes to ensure the sustainability of the environment, economy and social systems. The independent recognition that eThekwini receives, is a testament to how well it is being run. In addition to the numerous awards won in this financial year, the City takes pride in being voted an official New 7 Wonder City of the World, together with other leading cities like Doha, Havana, and Kuala Lumpur. To be positioned amongst other leading global cities of the world like Kuala Lumpur and Havana, proudly shows the commitment and competitive edge of our city as a leading tourism, events and business destination. We are delighted that the World finally recognises the potential of Durban and we are confident that this global status will boost tourism to the city and province. Durban has world class attractions such as the architectural masterpiece The Moses Mabhida Stadium, uShaka Marine World, one of the largest aquariums in the world, the Durban International Convention Centre (Durban ICC) the leading conference centre in Africa, the warm hospitality, the rich cultural diversity and the vibrant urban lifestyle that reflects the energy and culture of the city. Some of the other international accolades which Durban picked up this year include the World Travel Awards title for "Africa's Leading Meetings and Conference Destination".

The CABs are connected to the municipal sewerage and water systems and are provided on 350 sites in informal settlements in pairs - one for women and one for men. The judges described the CABs as "an excellent project that improved the lives of 500 000 residents of informal settlements".

The top priority remains the provision of basic services to all and while we are currently servicing over 75% of residents, every effort is being made to eradicate the backlogs. The Back to Basics programme mooted by the National Government has been incorporated into our strategy to fast track service delivery.

The leadership of the Municipality has prioritised the creation of formal employment in key areas of the economy, such as the manufacturing sector, in order to meet the triple challenge of poverty, unemployment and inequality. We are committed to building a sustainable City for future generations based on infrastructure-led growth, unlocking investment, economic development and job creation. Investments include more than 65 flagship projects across the city ranging from manufacturing, construction, real estate, tourism, information communication technology, agriculture, maritime and logistics. The projects are expected to create about 680 000 permanent jobs in the long-term and the potential revenue of about R 9 billion for the city.

The Municipality has established a project management office, whose main role is the facilitation of the implementation of catalytic projects such as the inner city renewal.

Disadvantaged communities in eThekwini Municipal are benefiting from the Zibambele Programme, which the Expanded Public Works Programme (EPWP). Zibambele Programme is a low volume road maintenance programme, which is driven by KwaZulu-Natal Department Transport, of eThekwini Municipality and Public Works.

The Municipality started the programme in 2003 where only 200 females participated. To date, a whopping 6 065 women are benefiting from the programme while 123 000 are benefiting from the EPWP.

Our country is under immense strain as a result of the energy crisis. We convened a round-table discussion with all affected businesses and stakeholders to ensure business continuity and reduce the impact of load shedding on productivity and employment creation. We reiterate our position that, notwithstanding ESKOM's predicaments in terms of financing its capital requirements, we remain opposed to its submission for further increase of the electricity tariff. Our message to customers is: Be smart! Save electricity — it is the wise thing to do! Furthermore, we call upon business to invest more in renewable energy to contribute additional generation capacity to the grid.

Our youth will be our future leaders and the appointment of the Youth Manager and the creation of the Youth Development Office illustrates my passion for the advancement of our youth. We recognise the need to fully capacitate this office so that it can focus on streamlining all youth related programmes such as formalising structures that will ensure effective engagement with young people.

The City Planning Commission has been established to align the long-term City Growth and Development Strategy with National and Provincial Government. EThekwini is the first city to set up its own commission after National and Provincial Commissions were established.

In conclusion, we attribute our successes to the strong commitment to the principles of accountability, transparency, good governance, proper financial management and effective internal control systems by our dedicated employees and political office bearers alike. My sincere thanks to them.

Councillor James Nxumalo

Mayor: EThekwini Municipality

MUNICIPAL MANAGER'S OVERVIEW



Contact details for the **City Manager** are as follows:

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The 2014/2015 financial year will be a memorable year for me for two reasons. Firstly, eThekwini achieved its first ever clean audit which is the ultimate goal any Municipality strives for, and this benchmark illustrates the institution's effectiveness in service delivery, performance and governance. It is the first time since eThekwini was established in 2000, that a clean audit has been achieved. A clean audit means that we have complied with the legislature of the Country after submitting our financial records which were untainted. It indicates that we have done well with our performance management systems and that we have delivered as a City. Previously we received unqualified audit outcomes. So, to receive a clean audit is great. It was achieved due to a number of factors including the commitment of the Mayor, Executive Committee, Council, senior management and staff. We also strengthened our internal audit processes as well as our supply-chain management processes. I thank all the dedicated staff who played a role in achieving this milestone and I am extremely proud of what the City has achieved.

Secondly, our City received the highest possible accolade all City Managers dream of. I refer to the survey conducted by the international company Mercer which placed Durban as the city with the highest quality of living, ahead of Cape Town and Johannesburg in its 2015 Quality of Living survey. The survey also indicated that whilst we are 85th from the 230 cities surveyed, we could be in the top 50 if the level of crime could be reduced. We will continue to work with law enforcement agencies, especially in police station precincts where crime, especially violent crime, is considered too high to improve our rating.

We worked together as a collective to contribute to this outcome. But we have to now focus on maintaining this achievement going forward. We will do this by filling of critical vacant posts such as Deputy City Manager vacancies and strengthening our City Integrity and Investigations Unit. We must also improve our communication with stakeholders and the community and minimise public protests

In recent years we have hosted numerous world class events and shown our ability to compete with the best in the world when it comes to eventing. According to Mercer our good showing in the survey is attributed to the high quality housing, plentiful recreational offerings and good consumer goods availability. I think it is important to take cogniscance that the survey considers all of the political and social environment, economic environment, socio-cultural environment, medical and health considerations, school and education, public services and transportation, recreation, consumer goods, housing, and the natural environment. These factors are embedded in our Integrated Development Plan and we should take pride that an independent assessment by an international company places us as the best in the country.

Other achievements have been joining the ranks of the New 7 Wonder cities and also being placed 7^{th} on the New York Times list of 52 places to go in 2015. Again, this is an affirmation from an independent source on the attractiveness of our City as a tourist destination.

Our Municipality functions by implementing its Integrated Development Plan, which is a detailed strategy, divided into eight plans which can be accessed with the following link www.durban.gov.za. The implementation of all eight plans is tracked through the Service Delivery Budget Implementation Plan (SDBIP). The SDBIP serves as a management tool, as well as the in-year reporting to the respective oversight committees.

Performance

It is pleasing to record that the Municipality is able to sustain its revenue collection rate, which was 103.04 percent, and which has again exceeded its target of 95%. The financial ratios which is laid out in chapter 5 of this Annual Report, illustrates the healthy financial situation our Municipality is currently in and I see no reason for these ratios not to be maintained in the future.

The capital expenditure of R 4.7 billion as at 30 June 2015, represents approximately 91.65% spend on the adjusted budgeted amount. The reason for the underspend is due mainly to R422 million of the Department of Transport and Public Transport Infrastructure grant being unspent as at year end. This has been attributed to R300 million of non-awards and the loss of 31 days of production due to disruptions by the taxi industry vying for a stake in the construction.

The current long term credit rating of AA- received by the City places eThekwini in a favourable position should it find the need to borrow.

The reduction of irregular expenditure continues to be one of my priorities, so much so that I have refused to sign any reports to regularise such expenditure, if blatant offenders are not disciplined appropriately.

The weekly capital expenditure meetings to monitor the performance on service delivery has continued. This provides me with first hand knowledge on reasons for under expenditure, delays and issues of contract management to allow me to intervene speedily.

Challenges

The water loss in distribution continues to be a serious challenge despite the numerous interventions by our Water Department. Similarly, electricity loss in distribution is 7.7%, in spite of interventions and additional costs.

The influx of people in search of employment and better livelihood from the rural into the urban areas continues to impact on the infrastructure and service delivery backlogs negatively.

The provision of housing is dependent on budget allocations by the Provincial and National governments and the actual funding received does not make it possible for the Municipality to reduce the ever increasing housing backlog.

There has been no improvement in the economic outlook and inflation is having a huge impact on the livelihood of our citizens and in turn the Municipality. The Municipality has no choice and is very reluctantly forced to pass on cost escalations to our hard pressed consumers.

Sustainability

Our revenue collection of 103.04% illustrates the strong financial position the Municipality is in. In addition the consolidated surplus for the 2014/2015 financial year increased substantially by R929 million and as at year end the surplus stood at R2.9 billion.

The Blacklisting Committee has been fully operational and were responsible for blacklisting numerous companies that were in the ownership of Municipal employees. In addition, there were submissions in respect of those companies where Departments were able to motivate for blacklisting on the basis of non-performance or fraud.

There has been no change in the rolling out of non-mandated services by the Municipality and the provision of services such as Health, Libraries, Museums, and Housing cannot be sustained in the long term if adequate funding is not forthcoming from the national and provincial Government.

Conclusion

Finally, we now have confirmation of our successful bid for the 2022 Commonwealth games. The bidding process was just the beginning of hard work of putting together successful Games. We are under no illusion though that this decision comes with serious responsibilities. We need to be alive to the reality that there will be no gains without sweat. Such Games require careful planning and tight budget control to make sure that we avoid optimism bias, and cost overruns. There may be detractors regarding our making the bid, but I need to point out to those detractors that events such as the World Cup has contributed substantially to Durban receiving the high profile it currently enjoys and also the subsequent international recognition it has received since the World Cup.

In conclusion, my sincere thanks to the Mayor, politicians, staff and various stakeholders who have all contributed to making this a successful year.

Mr Sibusiso Sithole

City Manager:eThekwini Municipality

CHAPTER TWO – GOVERNANCE

2.1 INTRODUCTION TO GOVERNANCE

Political leaders and the heads of administration have a leadership responsibility and are accountable for ensuring good governance in their municipalities. Some of the principles of good governance that Municipalities should demonstrate compliance with are:-

Accountability

Accountability is a fundamental requirement of good governance. A municipality has an obligation to report, explain and be answerable for the consequences of decisions it has made on behalf of the community it represents.

Transparency

People should be able to follow and understand the decision-making process. This means that they will be able to clearly see how and why a decision was made — what information, advice and consultation council considered, and which legislative requirements (when relevant) council followed.

Rule of Law

This means that decisions are consistent with relevant legislation and are within the powers of council.

Responsiveness

Local government should always try to serve the needs of the entire community while balancing competing interests in a timely, appropriate and responsive manner.

Equity and inclusiveness

A community's wellbeing results from all of its members feeling their interests have been considered by council in the decision-making process. This means that all groups, particularly the most vulnerable, should have opportunities to participate in the process.

Effectiveness and Efficiency

Local government should implement decisions and follow processes that make the best use of the available people, resources and time to ensure the best possible results for their community.

Participation

Anyone affected by or interested in a decision should have the opportunity to participate in the process for making that decision. This can happen in several ways – community members may be provided with information, asked for their opinion, given the opportunity to make recommendations or, in some cases, be part of the actual decision-making process.

2.2 POLITICAL GOVERNANCE

eThekwini is a Category A or Metropolitan Municipality with a Collective Executive System combined with a Ward Participatory System.

The Council established a number of Committees to enable it to deliver on its constitutional mandate.

Section 80 Committees

The following Support Committees have been established in terms of Section 80 of the Municipal Structures Act to assist the Executive Committee:-

- a) Community & Emergency Services Committee
- b) Economic Development & Planning Committee
- c) Finance & Procurement Committee
- d) Governance and & Human Resources Committee
- e) Human Settlements & Infrastructure Committee

Each of the Support Committees deliberates on matters that fall within its specific terms of reference and makes recommendations to the Executive Committee for approval or where necessary for endorsement by the Executive Committee for final approval by the full Council.

Any matter that has financial implications has to be signed off by the Chief Financial Officer before it is approved. The Executive Committee has wide ranging delegations with the exception of the powers provided to Council in terms of Section 160 (2) of the Constitution of the Republic of South Africa, 1996. The Executive Committee makes recommendations for approval by Council on such matters.

Section 79 Committees

In addition Council has established the following Committees in terms of Section 79 of the Municipal Structures Act:-

- a) AIDS Committee
- b) Municipal Public Accounts Committee
- c) Speaker's Committee

The AIDS Committee is responsible for providing leadership, building consensus around HIV and AIDS policy and strategy matters, promoting intersectoral collaboration and overseeing the implementation and review of the National Strategic Plan on HIV and AIDS and Sexually Transmitted Diseases at a local level. The Committee considers and reports to the Executive Committee on (a) The incidence of persons infected and affected by HIV and AIDS within the Municipal area and (b) Strategies for a comprehensive Municipal response to HIV and AIDS.

The Municipal Public Accounts Committee which is made up of non-executive Councillors ensures that the Administration, municipal agencies and entities are held accountable for their management of municipal funds and assets, and to ensure the efficient and effective utilization of council resources. The Committee also considers the Annual Report and makes recommendations to the Council on the Annual Report by submission of an oversight report. The Committee's oversight report is published separately in accordance with the Municipal Finance Management Act.

The SALGA National Governance & IGR Working Group at its meeting held on 6 March 2014 approved that 4 municipalities, covering all three categories of municipalities, be identified and shared as best practices on Section 79 Committees, and MPACS in particular.

The Speaker's Committee assists the Speaker with his statutory duties, including the statutory duty assigned to the Speaker to ensure the proper conduct of council meetings.

Statutory Committees

The following Statutory Committees have been established:-

- a) Appeals Committee
- b) Civilian Oversight Committee
- c) Ethics Committee

The Appeals Committee which is established in terms of section 62 (4) (c) (II) of the Municipal Systems Act hears appeals against decisions taken by a political structure or political office bearer of the municipality, in terms of a power or duty delegated or sub-delegated by a delegating authority to the political office bearer or political structure.

The Civilian Oversight Committee performs the function of civilian supervision of the municipal police service by promoting accountability and transparency in the municipal police service; monitoring the implementation of policy and directives; and evaluate the functioning of the municipal police service and reporting to the municipal council or City Manager thereon.

The Ethics Committee has been established by Council to ensure compliance with the Code of Conduct, as set out in Schedule 1 of the Local Government: Municipal Systems Act 32 of 2000, in the Municipal Council and Council Committees. It investigates and makes findings on any alleged breaches of the Code and makes appropriate recommendations to the Council.

Administrative Committees

The Council has also established administrative committees as follows:-

- a) Audit Committee
- b) Bid Specification Committee
- c) Bid Evaluation Committee
- d) Bid Adjudication Committee
- e) Risk Committee

The Audit Committee is established in terms of Section 166 of the Municipal Finance Management Act. It is an independent external committee, which provides an oversight function over the financial management and performance of the Municipality.

The Municipal Supply Chain Management Regulations require a committee system for competitive bids, consisting of a Bid Specification, a Bid Evaluation and a Bid Adjudication Committee.

The Bid Specification Committee compiles the specifications for all goods or services procured by the municipality or municipal entity.

The Bid Evaluation Committee evaluates bids in accordance with the specifications for a specific procurement; and the points system set out in terms of paragraph 27 (2) (f) of the SCM Policy and as prescribed in terms of the Preferential Procurement Policy Framework Act.

The Bid Adjudication Committee considers reports and recommendations of the bid evaluation committee; and either makes a final award or a recommendation to the Accounting Officer to make the final award; or makes another recommendation to the Accounting Officer on how to proceed with the relevant procurement.

The Risk Committee assists the City Manager and Council to fulfil their risk management and control responsibilities in accordance with prescribed legislation and corporate governance principles.

See attached Council Committee Structure

2.2.1 POLITICAL STRUCTURE

MAYOR: Councillor James Sikhosiphi Nxumalo

<u>DEPUTY MAYOR:</u> Councillor Nomvuzo Francisca Shabalala

SPEAKER: Councillor Loganathan Naidoo

CHIEF WHIP: Councillor Stanley Zamokwakhe Xulu

EXECUTIVE COMMITTEE

- 1. Councillor James Sikhosiphi Nxumalo (Chairperson) (ANC)
- 2. Councillor Nomvuzo Francisca Shabalala (Deputy Chairperson) (ANC)
- 3. Councillor Joice Nondumiso Cele (ANC)
- 4. Councillor Heinz Ulrik de Boer (DA)
- 5. Councillor Sibusiso Nigel Gumede (ANC)
- 6. Councillor Zandile Ruth Thelma Gumede (ANC)
- 7. Councillor Zwakele Maxwell Mncwango (DA)
- 8. Councillor Fawzia Peer (ANC)
- 9. Councillor Bongiwe Rose Mtshali (NFP)
- 10. Councillor Mduduzi Samuel Nkosi (IFP) (From 2014-09-02)
- 11. Councillor Patrick Pillay (MF) (2014-07-01 to 2014-09-01)
- 12. Councillor Loganathan Naidoo (Ex-Officio) (ANC)
- 13. Councillor Stanley Zamokwakhe Xulu (Ex-Officio) (ANC)

EThekwini Municipality comprises a total of 205 Councillors of which 103 are Ward Councillors and the other 102 are Proportional Representative (PR) Councillors. With regard to Ward Councillors there are 87 male Councillors and 16 female Councillors. In respect of PR Councillors there are 51 male Councillors and 51 female Councillors. There are a total of 138 male Councillors and 67 female Councillors.

Political Parties are represented on Council as follows:-

PARTY NAME	WARD SEATS	PR LIST SEATS	TOTAL
African Christian Democratic Party	0	2	2
African National Congress	79	48	127
Azanian People's Convention	0	1	1
Congress of the People	0	1	1
Democratic Alliance	19	26	45
Inkatha Freedom Party	1	8	9
Minority Front	3	5	8
National Freedom Party	0	10	10
Truly Alliance	0	1	1
Independent	1	0	1
TOTAL SEATS	103	102	205

Note: Appendix A lists Councillors.

Appendix B sets out committees and committee purposes.

2.3 ADMINISTRATIVE GOVERNANCE

2.3.1 Roles, Responsibilities and Structure

As head of administration, the City Manager ensures that the municipality is managed in accordance with all legislation applicable to local government. He undertakes various administrative responsibilities in relation to Council such as advising the political structures and political office-bearers of the municipality; managing the communications between the municipality's administration and its political structures and office bearers; and carrying out the decisions of the political structures and political office bearers of the municipality. In addition, he has human resources related responsibilities to ensure that the municipality has the requisite human resources that are functioning at an optimal level to enable it to deliver on its mandate.

As accounting officer, the City Manager is responsible for general management of municipal finances, including: asset and liability management, revenue and expenditure management and budget implementation. In his role as accounting officer, he must also assist the mayor in performing the budgetary functions assigned to the mayor in terms of Chapters 4 and 7; and provide the mayor with the administrative support, resources and information necessary for the performance of those functions.

There are seven Deputy City Managers (DCMs) who report to the City Manager. Each DCM is responsible for a Cluster (thematic area):

Community and Emergency Services;

Corporate & Human Resources;

Economic Development & Planning;

Engineering Services, Human Settlements & Transport;

Governance & International Relations;

Trading Services; and

Treasury.

The Units within the clusters are managed by their respective Heads who report to the DCMs. In addition the current structure requires the Chief Strategy Officer, Chief Operations Officer, Chief Information Officer, Head City Integrity and Investigations and Chief Audit Executive to report directly to the City Manager. Due to the Chief Operations Officer position being vacant the following Heads and Manager report in the interim to the City Manager viz. Metro Police, Legal and Compliance, Performance Monitoring and Evaluation, Area Based Management and Manager: City Manager and Support Services.

The City Manager and the DCMs meet weekly as a DCMs' Forum to discuss issues such as service delivery and other strategic municipal related issues. Two DCM posts were vacant, viz., Engineering Services, Human Settlements & Transport and Trading Services. Responsibilities for these two clusters rested with the City Manager. The DCM: Economic Development & Planning post was filled on an acting basis.

2.3.2 CAPITAL BUDGET MEETINGS

Purpose

The City Manager holds a meeting with DCMs, Heads and capital project owners every Wednesday morning to review progress on capital projects. The aim of the meeting is to ensure that all capital projects are implemented.

Focus

The meeting focuses on the top 150 capital projects which amount to about 80% of the capital budget.

The various stages of the supply chain process and project implementation are reviewed. Obstacles are discussed and actions to unblock the process are agreed on. The supply chain process has come under scrutiny in recent meetings, leading to examination of sticking points in the SCM process. Tracking of projects through the SCM process has been upgraded. Line department delays during tender evaluation and the time spent on tender appeals have been reduced. Other problems in capital delivery like Environmental Impact Assessments and Water Use Licences are also addressed, with the City Manager taking up these problems with the respective government departments.

There is a weekly review of spending on each project. Projects starting late, or not spending at the expected rate are analysed. Projects running slowly can declare capital savings and projects requiring extra funds can put their case forward at the meeting.

Achievements

The capital spend has been close to 100%.

The timeous resolution of problems and blockages resulting in higher spend.

The regular meetings improve inter-departmental co-ordination and capital project delivery.

Challenges

The need to address the remaining projects that amount to 20% of the capital budget.

The low spend on certain projects due to circumstances beyond the control of officials such as work stoppages due to protests. To have a comprehensive procurement plan for all 2015/2016 capital projects.

2.3.3 CLEAN AND MAINTAIN MY CITY PROGRAMME

Background

It is now documented history that the campaign kicked off with an open and honest discussion around issues that were of concern to the city leadership. The city had reflected on issues ranging from the general state of the city with regard to cleanliness and maintenance, illegal connections, water leaks, rubble on road reserves, blocked drains and channels, lawlessness and the general appearance of the central business districts (CBD) and buildings.

The City Manager and his team embarked on a mission to clean and maintain the city by constituting the committee comprising of senior officials at the level of Deputy City Managers, Heads, Deputy Heads, Senior Managers and some relevant Managers. The committee meets at Moses Mabhida Stadium every Monday morning at 7.00am under the guidance of the City Manager and his deputies. The campaign was launched by the Mayor of eThekwini Cllr James Nxumalo on 2 May 2013.

Rationale behind the Campaign

The aim of the campaign is to ensure that our city is clean and well maintained in all its facets. In fulfilling this mission the city strives to approach the task at hand in a coherent and integrated manner. This calls for a complete change of mindset with regard to the municipal employees.

The Character and Nature of the Campaign

Each Unit has the responsibility to identify defects during the week leading to the collective operation on Wednesdays and Thursdays. The actual clean and maintenance operation is done by a collective as per the identified area, and the work reported accordingly. The programme is coordinated by a small team led by a Campaign Coordinator, which ensures the smooth flow of the process. Each Unit has a Coordinator who provides an operational plan for the planned operation.

The actual work ranges from cleaning of areas and maintenance thereof, assessing buildings, attending to land use and planning issues, health, compliance, law enforcement, awareness drive relating to services provided by the Municipality and so forth. The campaign has also tackled social issues head on by researching some of the root causes of the city's social ills. Tons and tons of waste

have been collected comprising of mostly illegally dumped material. The work also includes the cleaning of parks, pruning of trees, repairing of potholes and unblocking of drains. A task team of senior officials was assembled with the sole intention of identifying some buildings in the Durban CBD for productive use. The campaign includes advising informal traders and curbing illegal trading activities. The campaign has also dealt decisively with many aspects of criminality. It is encouraging to note that in some areas the local people have joined hands with the municipality in doing the work. It is against this backdrop that the City Manager has dubbed the campaign "getting the basics right". All these tasks are done in an integrated fashion.

Our Communications Unit has activated the information dissemination machinery through newspapers, radio and local Councilors.

The Broader Coverage of Areas since Inception

The programme has covered almost all corners of our municipal area. The coverage included the following:

Southern areas	Northern areas	Central and Inner City areas	Western areas
Isipingo CBD and the Industrial hub / Isipingo Beach	Phoenix, Inanda, Ntuzuma and KwaMashu (PINK areas)	Durban Central Business District (CBD) divided into six zones.	Pinetown / Clermont
Amanzimtoti	Verulam and Tongaat	Morningside, Springfield, Clare Estate and Kennedy Road areas.	Mpumalanga and Hammarsdale
KwaMakhutha	KwaMashu Community Residential Units (CRUs)		Hillcrest area
Umbumbulu	Blackburn informal settlement		Nagina, Shallcross and KwaNdengezi
Illovo Cemetery			Progress Place informal settlement
Umlazi			
Clairwood, Merebank, SJ Smith Hostel and Lamontville			
Chatsworth, including Bangladesh Market and Welbedacht			

The areas of focus are identified by the Monday Operations meeting taking several factors into account. These factors include complaint patterns coming through the call centres, observations and inspections by municipal officials and Councillors. The Councillors form an integral part of this campaign as elected representatives of their communities, and are continuously engaged by Community Participation and Action Support Unit.

The thinking has always been to come up with a "working model" in the Durban CBD that will be replicated to other CBDs with necessary modifications. The general view is that if the city can get it right in the CBD, there is no reason to believe that other areas cannot follow suit.

Regional Focus during the last Six Months

As from the last quarter of 2014 the approach has been more pragmatic as emphasized by the City Manager. Regions are visited on regular basis where Regional officials interact with senior management with respect to their pains and joys. This is normally followed by inspection in loco of regionally identified areas.

The Regional sittings have taken place as follows:

Chatsworth – 20 October 2014, Montford Hall, Chatsworth
Umlazi – 24 November 2014, King Zwelithini Stadium, Umlazi
Clermont / Pinetown - 23 February 2015, Sugar Ray Xulu Stadium, Clermont
KwaMashu – 13 April 2015, Princess Magogo Stadium, KwaMashu
Clare estate – 29 June 2015

Positives and Challenges

Some of the positives of the campaign

The campaign has managed to forge integration in terms of how municipal officials operate. Although there is still a long way to go, but there is evidence showing that the silo mentality is slowly breaking down. The campaign has also presented an opportunity for senior staff to do introspection with regard to how resources are deployed within the Municipality. The campaign has not only made a difference, but a visible impact in terms of the areas tackled. The campaign has gone a long way in terms of highlighting to the public some of the services provided by the municipality, as well as legal ways of doing things. The campaign has also brought to the fore the crucial issue of corporative governance, compelling the city to strengthen its interaction with other organs of state for a better service provision.

The campaign has managed to eliminate the challenge of the so called "whoonga park". It has also emphasized the importance of social ills culminating in project "Qalakabusha" which is meant to deal with drug problems and family unification processes.

Some of the challenges

The city is not naïve to think that the task at hand is an easy one, given the complexity of some of the issues it is dealing with. The city has practically operated in silos for a long time, and changing the mindset of municipal officials is not going to be an overnight affair. The campaign will not succeed without the involvement of the communities sharing the envisaged vision. This calls for patriotism of the highest order. This can be done in simple ways like reporting illegal dumping, potholes and criminal activities to the municipality.

Budget

The city has not allocated any specific budget to the campaign. The Units and Departments are drawing directly from their coffers as per their budget allocations.

Conclusion

The city is of the firm view that this campaign will go a long way towards improving efficiency within the Departments and the Units, and ultimately within the Municipality. It is within reach to achieve sustainability given the fact that the programme links the city's strategic intent with operational aspects of the municipal functions.

Ward 84, Umlazi BB

DURING AFTER



Cleanup at Dr John Dube High School (KwaMashu D) with Ward Cllr, ward committee, VIBE FM, JL Dube SMT, Parks-Law Enforcement, Metro Police, Communications, Operation Sukuma Sakhe Coordinator, Learners & Community members.







350 bags collected, plus garden refuse & bush clearing Clean Up at Kwamashu J (Ward 45) With DSW Education, DSW Operations, Ward Cllr, VIBE FM & Community members.

BEFORE



AFTER



200 volunteers & 600 bags collected, plus garden refuse & bush clearing

Clearing of Illegal Dumps by Ward 95 Community and Masuku Primary Leaners











3. CITY ADMINISTRATION UNIT

3.1 **PROFILE**

The Unit strives to provide an efficient administrative, secretariat and professional support service to the Municipality in order to enable Council to take people driven decisions, thereby ensuring that citizens within eThekwini Municipality are satisfied with Municipal services.

There Unit's core deliverables in this regard are:-

Market and Profile Office Bearers through Special Programmes Secretariat Service to Council and its Committees Provision of Councillor Support Function Management of City Hall Complex Provision of Corporate Administrative Support

3.2 **PROJECTS**

The Unit successfully managed the following events in the 2014/2015 financial year on behalf of the Mayor, Speaker and City Manager:-

Programme	Purpose	Dates	Venue
Senior Citizens Programme	 To provide Christmas parties to senior citizens in all wards. To create economic opportunities for small business To profile the City's leadership in the community. 	November and December 2014	All 103 wards in the Municipality
Programme for Vulnerable Children	To provide Vulnerable children with an outing during the festive season so that they enjoy themselves as all other children do.	8 November 2014	UShaka Marine World
Programme for People with Disabilities	To provide an exciting and memorable event for people with Disabilities during the Christmas period; which includes transport, refreshments and entertainment.	9 December 2014	City Hall Auditorium
City Stars Awards	To recognise various categories of staff members who have gone beyond the call of duty in performing their duties.	29 May 2015	International Convention Centre
Long Service Awards	To recognise and reward long staff members for their long service and their dedication to the eThekwini Municipality.	24 October 2014	International Convention Centre

Programme	Purpose	Dates	Venue
Matric Awards	To recognize: Schools that have achieved a 100% pass rate, Schools that have improved their pass rate by more than 30%, Top ten students; and Top ten students from disadvantaged school.	30 January 2015	Durban Convention Centre
Mayors Awards	To recognise community members who are achievers in the following categories:- Community Development Crime Prevention Job Creation Tourism Women in Business Biodiversity Clean environment Achiever	12 December 2014	International Convention Centre
Mayoral Golf Day	 To provide an opportunity for business leaders to interact with the leadership of the Municipality To raise funds using the Golf Day to assist with other Mayoral projects. To enhance the profile of the leadership within the business community. 	04 July 2014	Durban Country Club

3.3 **ACHIEVEMENTS**

- Facilitated a number of seminars for Councillors in conjunction with the eThekwini Municipal Academy such as Good Governance and Performance Monitoring & Evaluation.
- Facilitated various capacity building workshops for Ward Committee members.
- The tender for the Electronic Records Management System was awarded and the pilot project is progressing well.

3.4 **CHALLENGES**

- Inadequate space for Printing and Records (Municipal Archives), as a result operations are compromised.
- Inadequate funding required for the Units Capital Projects.
- Procurement and supplier performance challenges with regard to the Senior Citizens
 Programme

3.5 WARD COMMITTEES

eThekwini Municipality has 103 Wards and since August 2012, has established 102 Ward Committees with the aim of enhancing participatory democracy. Ward Committees are a statutory and advisory body recognised by Council as its consultative body and communication channel on matters affecting the ward, including, but not limited to; representing the community on the compilation and implementation of the Integrated Development Plan and ensuring constructive and harmonious interaction between the Municipality and the community.

The City Administration Unit managed the interface between Ward Committees, the Administration and Council. In its management of this interface, it communicated 37 Ward Committee decisions to Council Units and communicated 407 Council decisions to Ward Committees in the 2014/15 financial year.

3.6 **SOME HIGHLIGHTS**

3.6.1 PUBLIC PARTICIPATION PROCESS: 2013/2014 ANNUAL REPORT

The Municipal Public Accounts Committee commenced the first expanded Public Participation process on the Annual Report by holding four Public Meetings which targeted specific groups within the Municipal area. These meetings were held as follows:

11 th February 2015	Informal Traders at City Hall Durban
19 th February 2015	Business hosted by the Chamber of Commerce
19 th February 2015	Traditional Leaders at the Pinetown Civic Centre
23 rd February 2015	Civic Organizations held at the Durban City Hall



Deputy Mayor, MPAC Chairperson and Deputy Chairperson, Deputy City Manager, Treasury, Head: Economic Development and Investment Promotion with members of the Durban Chamber of Commerce.



Members of Civic Organisations at the Public Engagement held on 23rd February 2015

3.6.2 THE IDENTIFICATION OF GOOD PRACTICES ON SECTION 79 COMMITTEES

The SALGA National Governance & Inter Governmental Working Group at its meeting held on 6th March 2014 approved that eThekwini Municipality's MPAC be identified and shared as best practice on Section 79 Committees, and MPACS in particular in the Metropolitan Municipality Category.

3.6.3 EXTERNAL COUNCIL MEETINGS

Council meetings are held at a ward level for a number of reasons:-

It is one of the mechanisms in which eThekwini Municipality enables its communities to participate in its affairs as provided for in section 17 of the Municipal Systems Act.

To make these formally marginalised communities feel that they are a part of eThekwini Municipality that cares about them. The presence of the Council not only acknowledges their existence, but also provides an opportunity for the leadership of the Council to interact with its communities.

To expose Councillors to the plight of communities in the rural and former township areas. To also give them an understanding of the reasons for the motivation to give priority to these areas during the allocation of budgets sometimes at the expense of the more developed areas in the municipality. Councillors also become aware of community needs firsthand.

Councillors are given the opportunity to take stock of the work that has already been undertaken as well as what is still required.

Meetings were recently held at:-Madundube Sports Ground, Umbumbulu, Ward 100 Rotary Sports Ground, KwaMashu, Ward 39 Maqhutshana Sportsfield, Mondini, KwaNyuswa, Ward 103

2.3.1. INTEGRATED DEVELOPMENT PLAN (IDP)

UNIT PROFILE

There are currently 4 team members that make up the IDP team. The primary function of the team is to facilitate and co-ordinate the development of the IDP together with the line departments.

2014 /2015 KEY PRIORITY PROJECTS

The key priority for the IDP team in the 2014/15 financial year was to improve the alignment of the Budget, performance management information, IDP and the BEPP processes.

SUCCESSES AND AWARDS RECEIVED

The 2014/145 IDP was rated as one of the top IDP's amongst the 61 KZN municipalities by the MEC. Cogta Award for producing and IDP that has remained in the top 10 IDP's in KZN for 7 consecutive years.

MEC Municipal Excellence award for Best Implmented IDP for 4 consecutive years.

IDP manager recieved National award from South African Planning Institute for Professional Excellence in the Planning Profession for 2014.

FUTURE FOCUS – 15/16

The focus for 15/16 would be to intergrate the Sustainable Development Goals into the strategic direction of the municipality. The SDG's would replace the existing MDG's and as such new reporting formats would be required to ensure that as a country we are meeting the global indicators. The final review of the current 5 year cycle also give the municipality an opportunity to reflect on its performance and provide a benchmark for the next 5 year plan.

2.3.2. ETHEKWINI MUNICIPALITY AUDIT AND RISK ASSURANCE SERVICES

Introduction

eThekwini Municipality Audit and Risk Assurance Services (herein referred to as EMARAS) is an independent, objective assurance and consulting activity designed to add value and improve eThekwini Municipality's operations and assist the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes in support of incremental steps towards making eThekwini the most caring and liveable city by 2030.

EMARAS is established in accordance to the requirements defined in the Municipal Finance Management Act No.56 of 2003, The Municipal Systems Act No 32 of 2000, and espoused the King III Report on Corporate Governance.

Business Unit Overview

In 2014 Internal Audit and the Enterprise Risk and Advisory functions were combined to ensure an integrated assurance and strengthen seamless view of assurance and enterprise risk advisory activities to enhance integrated governance and oversight. Furthermore, this process is aimed at ensuring a Combined Assurance function in the municipality to foster and enhance accountability and good governance across all levels of the municipality.

EMARAS has embarked on the renewal process to build in-house capacity and streamline the value driving processes while capacitating the unit to support the cause of good governance, accountability and good stewardship in the municipality.

The City has invested in its ability to ensure effective oversight, accountability and ethics management via EMARAS independent and objective assurance activity and increased its current staff compliment and consulting practitioners in driving the efforts to ensure that business is oriented to achieve objectives as defined in the IDP and vision 2030.

EMARAS is a strategic partner that serves as catalyst for accountability and good governance whilst driving the assurance responsibility through the following:

Meaningful engagement in all operational dimensions and continuing to provide strategic support to all the oversight structures of the municipality;

Providing the municipality with expert advice on matters of risk management and assurance responsibility; and

Providing support for the development of a corporate governance ethos and mind set, which ushers the basis for a sound, prudent, ethical management and stewardship.

EMARAS specialises in the following disciplines covering municipal – wide:

Risk Assurance and Consulting

Information Communication and Technology Audits;

Financial Technical Audits;

Operational and Business performance Audits;

Corporate Entities (incl. JV's relationships), Entities and Grants;

Special Projects/Transversal Audits;

Technical Quality and Continuous Audits;

Programs/Projects Upgrades safety and Security (Built Environment);

Governance and Compliance review, data analytics and continuous audit monitoring;

Business Continuity Management;

Project Risk Specialist;

Business Risk profile; and

Enterprise Risk Framework – Council-wide.

Scope of Work

Informed by the Audit Universe as determined by Councils' Risk and Regulatory Universe, our focus areas of achievement in 2014/15 are reflected in the table below. Additional eighty two (82) audits conducted emanated from requests by oversight bodies such as the Audit Committee, Municipal Public Accounts Committee, EXCO, and City's Executive Management. Under the current year, the unit has made a discernible contribution to the strategic objective of a clean and accountable organisation, despite capacity challenges in certain areas.

Audits Planned for the year	Audits Completed for the Year	Percentage achieved	Additional audits	Percentage
211	189	90%	82	128%

In the process of incrementally implementing the building blocks towards the attainment of the 2030 vision, the municipality is faced with hidden opportunities in risks. The ERM function has the responsibility to support achievement of municipal objectives by addressing the full spectrum of its risks which includes opportunities and challenges. Furthermore, to inform decision making, prioritisation and budget allocation, thereby assisting the Accounting Officer to manage the combined impact of these risks as an interrelated strategic risk portfolio.

Risk Based Audit Approach

EMARAS applies a qualitative risk-based audit approach which is premised on practical experience and informed by extensive knowledge of the business of each auditable entity under review. This approach focuses primarily on evaluating the extent to which management has been successful in identifying critical inherent risks and implementing adequate, efficient and effective internal controls to mitigate these risks. Furthermore, recognises the establishment of the macro/micro risk environment of Council - enterprise wide, taking into account portfolio view of risk (e.g. clusters; entities, departments).

In implementing a qualitative risk -based audit approach, concerted effort was placed on the following key strategic activities and value drivers:

Independently identifying the risk profile of the business entity and its environment, whilst reviewing the processes and procedures in place to assist management to promptly identify new risks, or changes to the risk profile;

Evaluating the extent to which management have identified their inherent risks, as well as the adequacy and cost-effectiveness of internal controls which management has implemented to manage these risks, in all of the significant financial and operational processes of the organisation;

Facilitating good practice in managing risks by evaluating compliance with relevant legislations, as well as with the various procedures, policies and regulations implemented by management to ensure that the internal control environment functions effectively on an on-going basis;

Reviewing which processes/systems/units within the organisation provide value-for-money, by evaluating the efficiency, economy and effectiveness of operational and managerial processes and procedures, and identifying areas of waste and inefficiency;

Providing recommendations for improvements in all of the above aspects; and

Deterring fraud through identifying and/or investigating incidents of known or suspected fraud. Although it is management responsibility to prevent and detect fraud; EMARAS assists through its audit effort to guide management on weaknesses of internal controls.

2014/2015 Key Priority Projects

During the reporting period EMARAS embarked on the following key projects:

Renewal, repositioning and realignment of audit processes;

Implementation of the Business Continuity Management Programme;

Business Impact Assessment

Continuity Strategies Development

Continuity Plans development

Continuity Strategies Implementation

Multilateral Continuity Planning;

Municipal Load Shedding response (Internal)

eThekwini Municipality Multilateral Continuity Platform

Good Governance Seminars:

Project Risk Management Pilot;

Risk training and awareness facilitation;

Improving quality of reports to oversight committee; and

Revision of the criteria for impact analysis and conduct risk assessment for fraud and theft.

Municipal Risk Profile

During the reporting period, the ERM team has conducted an assessment to comprehend for effective management, the risk that are embedded in the opportunities. In this process, global and national risk profiles were also considered and an alignment of these risks to the municipal profile was conducted. As an outcome of the above mentioned, an analysis of top 10 strategic risks in terms of impact and likelihood was established.

The tables below indicate top 10 municipal risks ranked according to the Likelihood and the Impact.

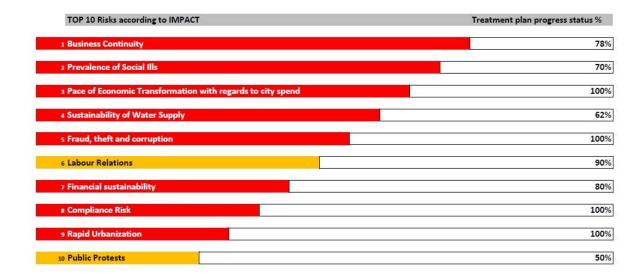


Table 1

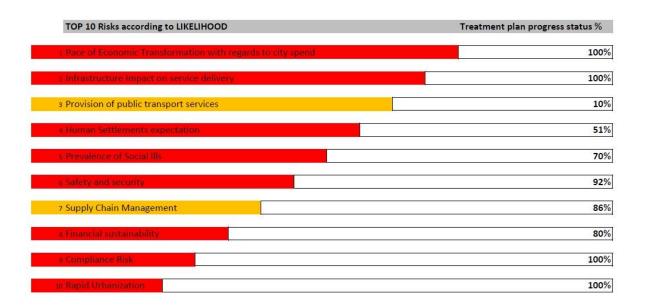


Table 2

Opportunities and challenges confronting the City

In pursuit of the objectives of the city, the municipality is confronted amongst others with the following opportunities and challenges:

Sustainability of water

The city has recently experienced drought in certain areas that has resulted in an interruption to water supply during certain periods. Non-revenue water has also exponentially increased due to aging infrastructure and water leaks. Opportunities for alternate supply of water are being explored with introduction of additional infrastructure and water saving initiatives.

Electricity supply constraints

Due to the increase demand on the network there has been a shortage in supply of electricity which has resulted in load shedding. New generation opportunities are being explored to contribute to the grid. The establishment of a Multi-lateral Continuity Forum to collectively brainstorm the solutions with stakeholders has been established.

Prevalence of social ills

Inequality, poverty, unemployment has resulted in the prevalence of social ills. The effects of rapid urbanization have compounded the effect of socials ills. Planning is factoring in the effects of rapid urbanization.

EMARAS Highlights

Although not exhaustive, the following are highlights of the reporting period in pursuit of municipal vision:

Level three (3) compliance level risk maturity;

Three (3) Governance Seminars aimed at cultivating good governance across the municipality;

Multilateral Continuity Round platform with municipal stakeholders on matters relating to load shedding;

Business Continuity Management plans for Electricity Department, Treasury, Fire and Emergency Service, Corporate and Human Resources, including initiating Supply chain continuity;

Project Risk Management Pilot aimed at minimising the risk and whilst harnessing the opportunities to deliver capital projects on time, at the right quality and within budget;

City wide risk profile and proactively identified the emerging risks and consequent facilitation of treatment plans for materialised risk;

Assurance activities and achievement of targeted 90% and optimisation of existing capacity to Executive Audit committee; MPAC; and Executive Management request exceeding coverage plan by 38%;

Consulting activities undertaken including eighty two (82) additional audits / special requests concluded. These serve to improve the internal controls of the City as well as consolidate our role as advisors;

Recoveries and savings in costs has been realized in Fleet and Supply Chain management;

Quarterly Defalcation reporting of significant and potential losses requiring management attention for mitigation and recovery; and

EMARAS Challenges and Mitigations

EMARAS has introduced job progression, employment of Student Interns, introduction of the Graduate Development Programme and creation of acting positions for vacancies not filled.

Notwithstanding the above mentioned highlights, these were the challenges experienced and future opportunities noted during the reporting period:

Lack of attraction of suitably qualified risk practitioners has negatively impacted on our capacity to navigate and facilitate risk maturity processes; yet maintained level three (3) consistent with prior year. To this end, the ERM Framework and Policies supporting it is under review to exploit opportunities brought about by ISO standards and related best practice models;

Delays in technological enhancement in terms of the renewal process coupled with slow progress in building in-house technical capacity;

Delays in finalising office automation of the audit process has impacted on training and development requirements;

Recruitment of adequate resources has taken us longer than expected; with an effect on reduced auditing in the Built Environment. To this end a Deputy Head in the Built Environment has been appointed to build Internal Audit capacity in the Infrastructure and Human Settlement assurance using Professional Consultants; and

Internship program for unemployed graduates will begin later than planned in the 2015/16 impacted by delays in the renewal and readiness of our in-house capacity.

Programs and Project towards 2015/2016

The municipal vision requires that units and departments in the municipality contribute towards achieving our vision. EMARAS as a critical assurance partner has a role to play in cultivating and instilling good governance across the municipality.

Whilst committed and supporting the municipal vision, EMARAS focus areas for 2015/16 have significantly increased as we undertook to intensify and increase focus in the built environment space. The following, amongst others, were considered:

- World Economic Forum Global Risks
- National Risks (South African) National Treasury and Institute of Risk Management SA
- Vision; mission and Strategy of the City and its Budgetary processes
- The strategic risk register for the City and it's Entities
- Prior year internal and external audit findings
- Audit hotspots as identified by the profession
- Issues as highlighted by SALGA and COGTA
- Industry-specific risks
- The Municipality's MACRO risk context
- The City Manager's burning key business issues

The following are the initiatives through which we are discernibly contributing towards the realisation and attainment of the community's aspirations as expressed through the municipal vision:

- Good Corporate Governance Program
- Line implementation of the Continuity Strategies in the following areas
- Implement Project Risk Management programme
- Development ERM system to support decision making
- Integrated Risk Framework aligned with best practice and Global; South African Risk and Assurance Practices; and Improving risk maturity to level 4.
- Clean and sound financial administration.
- Continuous Director Development

EMARAS is committed to contribute towards building and supporting continuous development of the senior officials and the political leadership of the municipality. Convinced of this noble position, EMARAS has driven the Continuous Director Development in the form of Good Governance Seminar organised to support the municipal leadership both administratively and political. Three good governance seminars were organised during the reporting period with attendance by the Executive Committee members, Councillors, Municipal Entity's directors, Audit Committee members and municipal officials.

The themes for the Seminars has been anchored on the following:

- Cultivating Good Governance in the eThekwini Municipality
- Leading In a Highly Regulated Environment: What Are The Challenges And Opportunities?

The following renowned speakers joined us to convey the message that seeks to Cultivate Good Governance in the City, supporting the Mayor, EXCO, Council and City Manager's commitment to ensure accountability, responsibility and transparency;

- 1) Cllr Thabo Manyoni- SALGA Chairperson
- 2) Dr Claudelle von Eck Institute of Internal Auditors SA (IIASA)
- 3) Mr Eugene Zungu Auditor General SA
- 4) Adv Ansie Ramalho CEO Institute of Directors (IOD SA)
- 5) Mr Khulekani Mathe Acting Head of National Planning Commission (NPC)

- 6) Mr Freeman Nomvalo Independent Specialist
- 7) Dr Michael Judin Independent Legal and Corporate Government specialist
- 8) Mr Joel Netshitenzhe Director Maphungubwe Institute of Strategic Reflections (MISTRA)

2.3.3. CITY INTEGRITY AND INVESTIGATIONS

The Municipality has an independent City Integrity and Investigations Unit, which is responsible for implementing its Fraud and Anti-Corruption policy. It deals with all cases of fraud and corruption reported internally or by external sources. It manages a hotline that receives information anonymously.

		Financial Year 2012/2013	Financial Year 2013/2014	Current Financial Year 2014/2015
1	Number of cases received	184	283	341
2	Number of cases carried forward from prior year	0	125	303
3	Number of cases completed during that financial year	59	55	71
	Cases carried forward from prior year completed		50	138
	Total cases completed in current year	59	105	209
4	TOTAL Matters currently under investigation as at 30 June	125	303	435
5	Number of dismissals emanating from Investigations		9	16
6	Number of resignations emanating from investigations		5	3
7	Number of arrests		11	4
8	Criminal cases opened		19	13
9	Number of entities blacklisted		74	3

2.3.5. COMMUNICATIONS

The amalgamation of various local councils into eThekwini Municipality in 2000 led to the establishment of the central Communications Unit. In 2009 Council approved the Municipal Communications Policy, which centralises the communications function in the Communications Unit.

The Unit is mandated to co-coordinate, guide and advice on communication, including media liaison, marketing, public relations and branding. The work of the unit is further informed by the Municipal integrated communication strategy.

Unit mission statement

The Communications Unit's mission is to promote co-operative governance, build civic pride, and connect stakeholder groups with eThekwini Municipality through strategic communications and marketing, thus raising the brand profile of the Municipality and positioning it as a dynamic, responsive government, with a people-centered vision and service delivery ethos.

Outcomes

An informed and engaged public with improved capacity to participate meaningfully in the Council's development policies, processes and programmes.

Output

To achieve this, the Unit engages various communication and marketing strategies at multiple levels to build awareness of the municipality's programmes and foster active stakeholder involvement in municipal governance processes.

Key strategic objectives

Internal objectives:

Engage employees and foster a culture of brand ambassadorship

Improve commitment to service delivery

Improve willingness to deliver excellent service in line with Batho Pele principles

Increase awareness of the need to adhere to good corporate governance

External objectives:

Promote the Municipal brand to all stakeholders, locally and beyond

Market the programmes and products of the Municipality

Promote community development initiatives to build an image of a caring Municipality

Improve the Municipality's reputation through positive media coverage

2014/2015 Projects

Four SDBIP projects underpinned services provided by the unit.

Implementation of communication, marketing strategies and policy

Maintaining existing communication tools while developing new ones

Strengthening relations with the media

Communication support to the Clean My City Campaign

Achievements highlights

Handled 893 media inquiries ranging from requests for comment to requests for information.

City digital marketing tools reached over one million residents.

Increased reach of Metro Ezasegagasini newspaper by inserting the newspaper in ISolezwe and ILanga.

The Municipal website attracted over 1, 2 million visitors.

Operational expenditure was 100% as per the budget.

Printed and distributed 18.4 million copies of Metro Ezasegagasini newspaper.

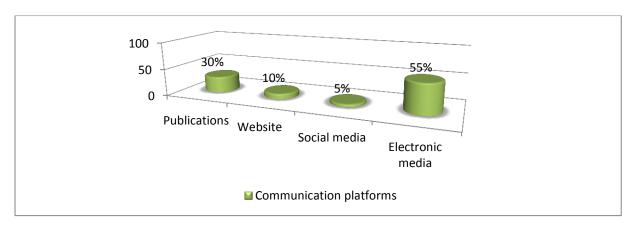
Coordinated 156 radio slots to disseminate information.

Performance analysis for 24/15 financial year

PROJECT	PLANNED ACTIVITIES	ACTUAL ACHIEVEMENT
Implementation of	Radio adverts	Developed the Municipal communication and
communication,	Print adverts	marketing strategy.
marketing	Online advertising	Provided communication support to 53 Municipal
strategies and	Radio programme	programmes /campaigns.
policy		Coordinated 156 radio slots and live link-ups to
		disseminate information.
		Placed 21 full page advertorials promoting City
		programmes in print media.
		Produced 76 communication materials on different
		topics.
		Provided communication support to 16 outreach
		programmes.
Maintaining	The Unit maintained the	Produced and distributed 23 editions of Metro
existing	following communication	Ezasegagasini newspaper.
communication	tools:	Produced 81 editions of ithekunet to create internal
tools while	Metro Ezasegagasini	awareness of city's programmes and projects.
developing new	newspaper	Produced 6 editions of the workplace magazine.
ones	Workplace magazine	Introduced new communication tool- News Flash.
	Itheku net	Published 23 editions of Metro Ezasegagasini
	Website	newspaper in CDs and Tapes format.
	Intranet	To increase the reach of Metro Ezasegagasini, the
	Facebook	unit started inserting the newspaper in Isolezwe and
	Twitter	Ilanga.
	YouTube	Coordinated digital awareness campaigns on youth
	Newsflash	month and clean my city campaigns which proved
	CDs and Tapes	very successful and managed to reach over one

PROJECT	PLANNED ACTIVITIES	ACTUAL ACHIEVEMENT		
	LinkedIn	million residents combined.		
Strengthening	Media releases	Issued 196 media releases to publicise information		
relations with the	Daily media monitoring	on municipal decisions and programmes.		
media	Media engagements	Handled 837 media enquiries ranging from requests		
	Opinion pieces	for comment to requests for information.		
		Produced 336 media monitoring reports and		
		circulated them to senior management.		
		Developed eight opinion pieces published in The		
		Mercury and Sunday Tribune newspapers		
		Held 21 media engagements on various campaigns.		
Communication	Awareness interventions	Provided communication support to 88 clean-up		
support to the	Advertorials	campaigns.		
Clean My City		Produced 4 advertorials to encourage involvement		
Campaign		of residents.		
		Produced promotional materials to market the		
		programme.		
		Produced 6 supplements to profile the community		
		clean-up initiatives.		

The chart below shows multilevel communication tools used to communicate with the public.



Challenges and mitigation

Communications challenges which could potentially hinder the achievement of the City's communications vision are listed below:

Limited funding for communications projects

Negative media perception of the Municipality

Public cynicism

To mitigate these challenges, the Unit uses communications and marketing strategy to drive the organisation's brand image and reputation to influence stakeholder perceptions through

information dissemination and obtaining stakeholder feedback, as well as implement such feedback, where appropriate.

15/16 Focus

Durban Joint Exchange forum

This is a public/private initiative aimed at creating a platform to ensure that professionals in communications, marketing and corporate social investment, engage in an integrated approach to promote and market programmes within the eThekwini Municipality. This is to ensure that private and public sector stakeholders continue to play an active role in vigorously promoting the vision of the Municipality and its strategic plan to develop a prosperous, diverse economy, create employment and high quality of life.

Municipal Marketer's Forum

The Metro Marketers' Forum facilitates strategic connections and conversations within the Municipality. The Forum ensures that all Municipal Communicators are empowered and committed to the City's communication mission. The main objective of the Metro Marketers' Forum is to coordinate communication activities within the Municipality as well as the seamless dissemination of information to all stakeholder groups.

King Shaka International Airport Branding

EThekwini Municipality has partnered with the Airports Company of South Africa (ACSA) and will be installing municipal branding at the airport for visitors to experience a true Durban feel. ACSA has provided sites to be branded at no cost to the Municipality. Branding designs have been custom-made for each site.

Clean and Maintain My City Programme:

An integrated Municipal programme aimed at tackling challenges such as litter, illegal dumping, bylaw infringements, homelessness, loitering, illegal occupation of open spaces, inner city decay, derelict buildings, and illegal business operations in the CBD and in residential areas.

#DurbanDialogue – Let's Talk Durban:

The #DurbanDialogue is an online/offline communications initiative of the Municipality to drive the economic and social development agenda so that eThekwini residents are aware and involved in issues which affect them. The #DurbanDialogue is based on a specific theme and includes theme experts, relevant stakeholders and bloggers, who have a major role to play in facilitating online conversations.

Outdoor branding

As part of the City branding strategy, the Communications unit is using various strategically located properties and spaces in and around the City as a means of on-going communications with its citizens. This will result in saving media costs.

Past 21 year service delivery achievement

This year South Africa is celebrating 21 years of democracy. The occasion presents an opportunity to reflect on service delivery achievements over the past 21 years. Service delivery has taken place in the municipal area and in some cases exceeded expectations. This was highlighted a notable achievement by government, such as infrastructure development, housing, and local economic development initiatives.

New distribution Model for Metro Ezasegagasini

The Unit is reviewing the distribution model for the Metro Ezasegagasini newspaper. The new distribution model will entail the door to door distribution of the Metro Newspaper using cooperatives in the townships and semi-rural areas. The aim is to empower cooperatives and to create more job opportunities within the local areas where the newspaper is distributed.

Media engagement sessions

Media engagement sessions are used to strengthen good working relations between the media and the Municipality. They also create a platform for the Municipality to share information on programmes undertaken.

Councillor communication toolkit

There are 206 Councillors in the Municipality. Councillors hold meetings and communicate Municipal issues with their constituencies. Similarly, there are over 300 Municipal senior managers who hold meetings with various stakeholders to communicate Municipal matters. The project is aimed at developing a communication toolkit to use as part of their community meetings.

3.6. SIZAKALA CUSTOMER SERVICES

The Sizakala Customer Service Unit currently has 36 centers distributed in three regions; these include 35 Stationery and 1 Mobile Center inclusive of 6 one stops as outlined in Table1. Currently; only 32 centers are operational whilst 4 centers namely, Inanda C, KwaNdengezi, KwaXimba and Besters are temporarily closed.

Centre	Centre Distribution						
	First stops	one Stops	Mobile				
South	10	2	1				
North	9	1					
West	10	3					
Total	29	6	1				

Table 1: Sizakala Customer Services Centres Distribution

The Unit is responsible of ensuring customer satisfaction through:-

Facilitation of complaint management and resolution in the city

Regulating and facilitating sound customer relations

Facilitate the integration of services

Provision of general enquiries and information to customers

2014 / 2015 KEY PRIORITY PROJECTS

Implementation of customer relations management strategy

The strategy is aimed at ensuring the integration of customer service across the city. These include:-

Developing a city wide complaint management strategy and system

Development of city wide customer service charter and customer service standards

Capacity enhancement and comprehensive human resource development

Monitoring and evaluation to ensure customer satisfaction

Action plan on implementation of the Customer Relations Management strategy was endorsed by the Customer Care Forum. This plan includes creating awareness on the strategy and education of the staff on the Policy. Presentations of the CCP/CRMS presentation to Clusters/ Units/Departments in progress;

Other projects linked to the strategy are ongoing. These include Integrated Complaints management strategy, complaints management and customer satisfaction.

Comprehensive Integrated Customer Service Training

Action plan on implementation of the Customer Relations Management strategy was endorsed by the Customer Care Forum. This plan includes creating awareness on the strategy and education of the staff on the Policy. Presentations of the CCP/CRMS presentation to Clusters/ Units/Departments in progress;

Other projects linked to the strategy are ongoing. These include Integrated Complaints management strategy, complaints management and customer satisfaction.

The following Milestones have been undertaken:

The existing Manual was piloted using frontline service participants to ensure validity and accuracy of changes necessary.

A service provider was appointed to provide training on this program. A total of 90 staff members were trained.

Integrate Complaint Management System

The ICMS is a comprehensive strategy aimed at providing consolidated interventions to address challenges in relation to the fragmented complaints management system.

The progress thus far is as follows:

An investigative research was conducted to identify appropriate municipalities to be sampled for benchmarking looking at their current complaints management systems, processes and policies.

A workshop was held on the 9 and 10 of April to interrogate findings and map a way forward.

A project closeout report with recommendations has been submitted to the DCMs for approval.

CHALLENGES AND MITIGATIONS

Challenges:

Fragmented customer service environment

Multiple and fragmented complaint management system

Diversified tracking systems, i.e. Faultsman, ELIPSE, CA.

Multiple call centres (36 call centers)

Multiple disintegrated customer contact points, i.e. emails, snail mail and social networks.

Fragmented and silo based customer services.

Non customer centric organisational culture resulting in disregard of Batho Pele principles and poor performance.

SUCCESSES AND AWARDS RECEIVED

Most innovative idea award 2014/15

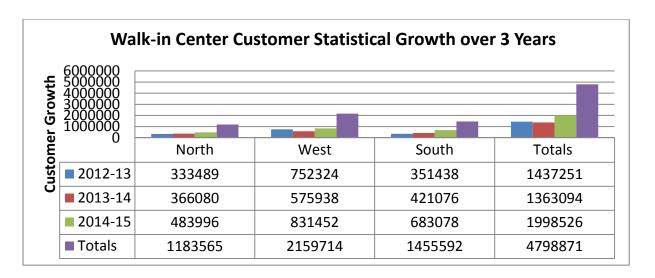
The Unit came first in the most innovative idea in the City Star Awards 2014/15, the picture below were members representing the Unit in the event.



PERFORMANCE TREND (Tables & Graphs) ANALYSIS FOR THE PAST THREE YEARS INCLUDING 2014/2015

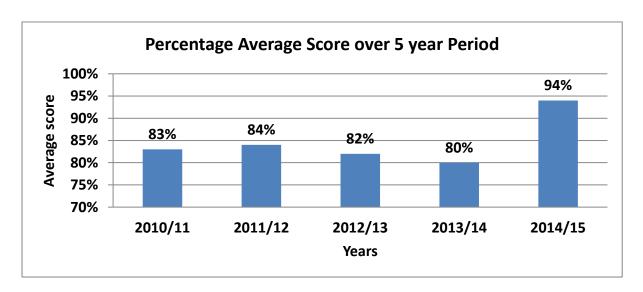
Centre Statistics

The table below provides a three comparative growth analysis over three years



Mystery Shopper Results

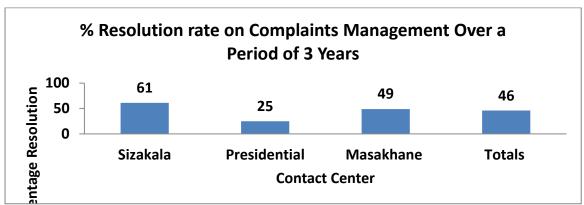
Below is a five year comparative analysis of Unit's performance in the mystery shopper programme.



Complaint Management stats

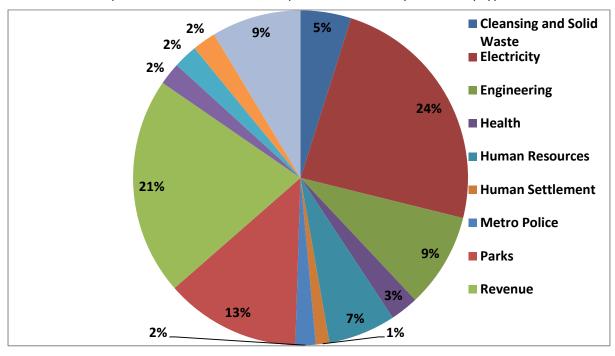
Case resolution

The table below provide a breakdown in terms of the complaints resolution rate in various complaint management initiatives:-



Complaint categories

The chart below provides a breakdown of complaints dealt with by the Unit by type



FUTURE FOCUS - 15/16

As per business plan 2015/16 the following is planned

Implementation of Customer relations Management Strategy

Development of customer service standards across the Unit and the development of a universal service chatter for the municipality

Development and implementation of an integrated complaint management system to be implemented across service units

Intensive training of staff on customer service

2.3.7. COMMUNITY PARTICIPATION AND ACTION SUPPORT UNIT

The current local government policy and legislation as enshrined in the Constitution of South Africa, the White paper on local Government, Section 16 of the Municipal Systems Act and other pieces of legislation, put great emphasis on municipalities developing a culture of community participation and the creation of appropriate and relevant community participation mechanisms, processes and procedures. It is within this context that eThekwini Municipality decided to establish Community Participation and Action Support unit in 2002 which falls under the Governance Cluster that is led by Deputy City Manager: Mr Sipho Cele. The unit Head is Mr Vincent Cebekhulu.

The unit provides support services to citizens in order to enable them to influence decisions taken by the Council and thereby leading to improved co-operation and partnership between citizens and the Council.

In terms of the Integrated Development Plan (IDP), we contribute towards the well being of citizens by supporting the indigents through approved municipal policy and by providing security for vulnerable groups. We also contribute in ensuring accessibility and promote governance by creating mechanisms, processes and procedures for citizen participation.

Therefore our programmes' key outcomes are:

- **Support** civil society actions and initiatives by capacitating, advising, financing and referring organisations to relevant channels.
- **Facilitate** community input in policy development, decision-making, budgeting, integrated development planning processes and performance management.
- **Co-ordinate** community mobilisation by partnering with other units within the Municipality, Provincial and National departments.
- **Monitor** compliance to all policies that are related to the Unit programmes.
- Advocate for programmes to address poverty whilst catering for previously disadvantaged in general and vulnerable groups in particular, including women, youth, disabled, children and elderly.
- **Enable, strengthen and activate** community structures and individuals to make meaningful participation towards improving citizens' quality of life.

The unit is divided into three sections, viz:

- **Sectoral Section** which is made up of Poverty Alleviation, Youth, Gender and Vulnerable Groups programmes.
- Regional Services Section- which is made up of Stakeholder Participation, Ward Committees, Community Based Programmes and Structures, Special Projects and Masakhane Outreach Campaigns, Amakhosi and Traditional Leaders Support, Operation Sukumasakhe and Regional Co-ordination.
- **Policy and Administration Section** which is made up of Grant-in-Aid programmes, Policy, Administration and Community Liaison Office.

The Unit has a staff compliment of 115 people, occupying various posts within the unit as detailed below:

Designation / Category of Staff	No. of Staff
Head of Unit	1
Senior Managers	3
Managers	8
Secretarial Support	3
Regional Co-Ordinators	6
Programme Officers	12
Chief Community Liason Officer	1
Community Liason Officers	2
Administration Officers	2

Designation / Category of Staff	No. of Staff
Chief Clerk / Senior Clerks- Admin	11
Community Mobilisers	54
Messenger / Driver	1
Interns	11
Total No. of Staff	115
*Note: Included in the staff compliment of 115 are 2 staff members who are	
disabled and fall within the category of Vulnerable Groups	

To enable the Unit to carry out it's mandate in an efficient, effective, economic and accountable manner, the following operating and capital expenditure were incurred by the unit:

1.6.1.Operating Budget

Description	Budget 2014-15	Actual 2014-15	Budget 2013-14	Actual 2013-14	Budget 2012-13	Actual 2012-13
Salaries and Allowances	34 792 809	34 452 900	28 486 110	27 703 937	27 959 348	22 427 377
General Expenses	71 865 892	75 390 330	46 766 030	46 344 720	44 167 660	41 277 666
Repairs and Maintenance	289 754	290 232	111 380	202 090	110 096	63 800
Total Expenditure	106 948 455	110 133 462	75 363 520	73 149 668	65 652 504	63 457 521

1.6.2. Capital Budget

Description	Budget 2014-15	Actual 2014-15	Budget 2013-14	Actual 2013-14	Budget 2012-13	Actual 2012-13
Total Expenditure	2 492 500	2 274 081	1 846 200	892 041	75 000	75 270

2. Key Priority Projects

Our key priority projects undertaken for the year under review were:

2.1. Soup kitchen offerings

Community Participation and Action Support Unit, through the Poverty Alleviation office, administers the operation of 36 council owned soup kitchens across the Municipality. In an attempt to better the service offered by the soup kitchens, the Governance and Human Resources Committee deployed three if its committee members and two officials, namely: Cllr Nondumiso Cele (Chairperson), Cllr Bongani Dlamini (Deputy chair), Cllr Phumzile Hlengwa (Chief whip of Committee), Vincent Cebekhulu (Head of Unit), Dr Roshini Bob (Project Executive), to conduct a study of soup kitchen offerings in other countries.

The team has travelled to India on two occasions, and has a made a discovery of eye-opening strategies of offering this service to the community. A follow-up trip to Brazil is planned for the 2015/16 financial year, so as to make a comparative analysis of the two countries in an aim to adopt strategies relative to EThekwini conditions.



2.1.1. Expansion of the Soup Kitchen Project (Phase 2)

The Soup Kitchen Project has benefitted various communities with special needs within the eThekwini Municipal Area. The success and benefits of Phase 1 of the project to our communities had necessitated the expansion of the project with the establishment of an additional 18 fully functional soup kitchens (Phase 2). This project provides a well-balanced meal once a day as a form of hunger relief to vulnerable groups within the targeted poverty stricken areas of the Municipality. This project now has a total of 36 operational sites which covers a wide spectrum of the areas within the Municipality.

2.2. Youth Development Projects

2.2.1. Social Ills Campaign through Sports

This campaign was supported in conjunction with the Youth Directorate of the Office of the Premier.

The purpose of the event was to educate and create an awareness among the youth to embrace a healthy lifestyle and make responsible choices in the course of their lives. The youth in the community were actively participating in various codes of sports which was held at Hoy Park in December 2014. In addition, this was a platform for all government departments involved to engage with the youth on behavioural changes especially during the festive season.

2.2.2. Youth Rally

As part of Youth Month celebrations, the unit hosted a Youth Day Commemoration Rally at Botanic Gardens in June 2015 to celebrate the role played by youth in the liberation of South Africa. This event was well supported with over 5000 people in attendance.

2.3. Gender Projects - Maidens Conference and Reed Dance

The 30th Anniversary Celebration of the Reed Dance, known as "Umkhosi woMhlanga" was held at eNyokeni Royal House, KwaNongoma. This event was supported in partnership with the KNZ Provincial Department of Arts and Culture. The theme of the celebrations was "Long and Healthy Lifestyle". A prelude to this celebration was a maidens conference, which was held at Shongweni Dam where 3400 maidens participated. This conference educates, promotes, facilitates and raises awareness on moral re-generation and management of social ills especially among young women.



2.4. Vulnerable Groups Projects

2.4.1. Management of Street Children

The unit had co-ordinated and monitored the management of street children, which involves outreach work undertaken by appropriately trained field staff in the re-unification of these children with their families of origin and / or placement into appropriate shelters. An inherent part of this programme is the continuous counselling and short term rehabilitative programmes which are crucial to the integration of these children to their families.

2.5. Other Key Projects

2.5.1. Budget Hearings- 2015 / 16

In terms of the MFMA, the Municipality is required to consult on its budget for 2015-16 with members of the public and other stakeholders prior to the final approval by the Council on the 27 May 2015. This budget consultative process was undertaken at eleven (11) venues within the Municipal Area and was scheduled during 14 April 2015 to 29 April 2015. Each hearing was well attended by the community and relevant stakeholders and their valuable input and interrogation of the draft budget was well received and considered by the Council.



2.5.2.Roll-Out of Community Based Planning

The community based planning programme commenced in the current financial year with 51 wards having been consulted over a five day period per ward. This is a participatory community-driven

methodology which is based on the inputs of the people it directly and indirectly affects, is owned by the community and the people that will assist in its implementation, encourages active involvement of the community in its development and implementation, and links with the integrated development planning requirements of the Municipal Systems Act.

2.5.3 Management of Public Protests

In an attempt to better manage protest related matters, the unit crafted a protest strategy. Which would guide the process of dealing with protests, from receiving of the memorandum, addressing it to the relevant unit, receiving responses, to arranging public report back sessions with the community concerned. The strategy was considered by council on the 3rd of March 2015, and is now at the consultation process with other units within EThekwini.

2.5.4 Izimbizo



Xenophobia related violence broke out in the city during this financial year. In dealing with this, there were a number of interventions by the City and the Province such as:

• Mayoral Imbizo in INK

There were engagements led by the Mayor with the local business sector, foreign nationals, and community members. As there were demands to remove businesses owned by foreign nationals from the vicinity. These discussions created a platform of engagement between the city's Business Support Unit, SAPS, Metro Police, Councillors and other community leaders with the groups concerned. There was a noticeable reduction of the level of attacks related to xenophobia during this time and beyond.

Peace march against xenophobia.

A peace march was held on the 16th of April 2015, and it was attended by 10 000 people. Jointly led by the Premier of KZN Hon Senzo Mchunu, MEC Willies Mchunu, EThekwini Mayor Hon. James Nxumalo, EXCO and Councillors, business sector, religious leaders, and

civil society. There was a nation-wide coverage as the march proceeded from Curries Fountain sports field to the City Hall where a pledge for peace was signed.

• King Goodwill Zwelithini's Imbizo

Further to other interventions, there was also an imbizo called by the Zulu monarch. It was attended by over 25 000 people, amongst them were traditional leaders as well as Amabutho from traditional communities and Hostels. This imbizo was held at the Moses Mabhida stadium on the 20th of April 2015, where His Majesty gave an address which discouraged all types of xenophobia related violence discrimination.

2.5.5. MOU with Department of Home Affairs



As of the 17th of December 2013, the Memorandum of Understanding (MOU) had expired and the Governance and Human Resources Committee at its meeting in February 2014, resolved to give authority to the Head: Community Participation and Action Support to facilitate the renewal of the MOU.

Consequent to that decision the Minister of Home Affairs Honourable Malusi Gigaba and the Mayor of eThekwini, His worship Cllr James Nxumalo, signed a significant Memorandum of Understanding that gave effect to sustain the relationship between the two parties at the Inkosi Albert Luthuli International Convention Centre on the 7th of October 2014. The signing rekindles the re commencement of the National Population Registration Campaign meant to facilitate cooperation between the two entities in rendering services such as:

- Late registration of birth.
- Population registration service.

- Educating communities about services rendered by the Department of Home Affairs.
- Delivering the Identity Documents to the rightful owners.
- Facilitating convenience access to application sites for those communities who find it challenging to bear the cost of travelling to the offices of Home Affairs.

4. Challenges

Nature of challenge: Negative publicity

• There was a media report of alleged maladministration and inadequate service on the city's soup kitchen project.

The City's response:

• The City conducted an internal audit of the soup kitchen project. A report was then compiled, dismissing the allegations of maladministration. The report however made operational recommendations as a result of the site inspections conducted.

Mitigation:

• The Internal Audit Report was received by the Unit and management responses were forwarded. Operational recommendations made on the report were considered and a process to track progress of such was put in place. Further to this there are site visits being conducted by the members of the portfolio committee concerned as well as the senior management of the unit, on all soup kitchen sites within council to ensure proper roll-out of this poverty alleviation programme.

5. Future Focus – 2015 / 16

Soup Kitchen Project (Phase 3)

The continued success and benefit of this project to our communities has necessitated the Municipality to expand the project further to address the critical challenge of Poverty which exists in our communities. To this end, Phase 3 of the project will be implemented in the 2015 / 16 financial year whereby a further 18 soup kitchens will be opened.

National Population Registration Programme (ID Project)

In accordance with the Memorandum of Understanding (MOU) signed between the Municipality and the Department of Home Affairs in October 2014, this programme will be implemented to ensure that all eligible citizens are in possession of ID documents.

Maidens Conference and Reed Dance

The Celebration of the Reed Dance, known as "Umkhosi woMhlanga" will be held at eNyokeni Royal House, KwaNongoma in September 2015. This event is supported in partnership with the KNZ Provincial Department of Arts and Culture. The theme of the celebrations was "Long and Healthy Lifestyle". A prelude to this celebration is a maidens' conference which will be held at Shongweni

Dam in August 2015 where 3400 maidens will participate. This conference educates, promotes, facilitates and raises awareness on moral re-generation and management of social ills especially among young women.

• 2016 Local Government Elections

To collaborate with the Independent Electoral Commission (IEC) in preparing for the 2016 Local Government Elections through outreach awareness campaigns, civic education, community mobilisation etc. The aim is to also improve and strengthen the relationship between the City, NGOs, CBOs and other community based structures to ensure successful local government elections.

2.3.8. INTERNATIONAL AND INTER-GOVERNMENTAL RELATIONS

The purpose of the Intergovernmental Relations unit is to provide an intergovernmental and international relations service to internal and external stakeholders to enable co-operation of programmes and activities, thus ensuring alignment and partnership of all governance initiatives that promotes maximum value and opportunities for all stakeholder, and leading to an enhanced participative democracy. As such, the outputs of the Unit are to:

Promote a co-operative inter-governmental relations policy and framework that supports municipal policy alignment and funding support for city projects.

Develop and manage a municipal wide events policy and support framework for maximum public participation and support for the municipality's IDP.

Develop and manage an on-going strategic international relations and donor relations policy and programme that will enhance service delivery, foreign direct investment and capacity building support to municipal staff and office bearers.

During the 2014 / 2015 financial year, the amount of R1.2 million of the capital budget was spent towards different projects the Unit is engaged in including the African coalition of cities against racism, discrimination and xenophobia ,UNITAR/CIFAL programme , and the African Renaissance and Africa Day Programme.

2014/2015 KEY PRIORITY PROJECTS

1. Number of international agreements and projects, events and protocol projects and intergovernmental agreements and projects that enhance Municipal service delivery.

The aim is to ensure that the Unit,

Promotes co-operative international relations programme that mobilises financial and knowledge exchange that supports capacity of staff and office bearers to deliver the IDP,

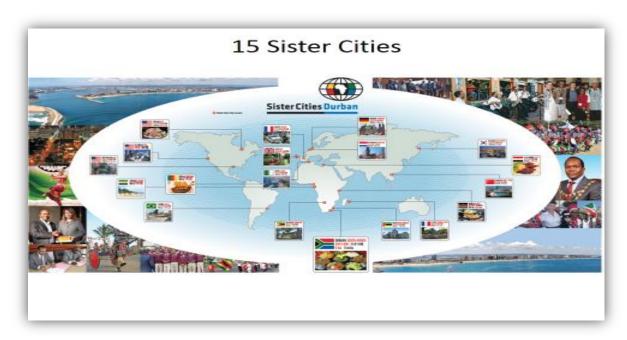
Promote an integrated Intergovernmental Relations programme that mobilises resources, policy alignment and knowledge exchange that benefits all stakeholders,

Adoption of a municipal wide events policy and implementation of a municipal plan for municipal events, and,

Promote co-operative Africa/NEPAD programmes that mobilises financial and knowledge exchange that support capacity of staff and office bearers to deliver the IDP.

It is important to note that the unit has made great strides partnering with 15 formal sister cities to be serviced through 90 actual project over a 3 year period. The Sister City partnership are with the following countries / cities:

Leeds (United Kingdom), Chicago (USA), New Orleans (USA), Nantes (France), Bremen (Germany), Guangzhou (China), Bulawayo (Zimbabwe), Oran (Algeria), Alexandria (Egypt), Le Port (Reunion), Rotterdam (Holland), Los Angeles (USA), Mombasa (Kenya), Libreville (Gabon), Douala (Cameroon)



These partnerships will enhance Durban's reputation as a leading tourism destination, trade and investment partner, skills transfer, innovation and knowledge acquisition platform, employment creation platform through arts and culture and the promotion of Durban as leading African city.

Moreover, the NEDP project sets to ensure

Interaction with other cities in Africa to share development experiences, contribute to a democratic and good governance principle, develop a comprehensive system of sister city relationships for strategic partnerships, promotion of effective skills transfer and exchange of expertise to improve access to basic social services in all African cities verse: water, sanitation, electricity etc., promotion of relationship and development of local economies end markets and share programmes on alleviation of poverty and rural development.

2. AFRICAN COALITION OF CITIES AGAINST RACISM, DISCRIMINATION AND XENOPHOBIA

The eThekwini Municipality in partnership with UNESCO has embarked on a programme to assist cities in their fight against racism and xenophobia. The objective is to establish a network of cities interested in exchanging experience and expertise with the aim of improving their policies in the struggle against racism and xenophobia. UNESCO has identified Durban as a lead city and has agreed to work with the city on ongoing projects.

3. UNITAR / CIFAL PROGRAMME

CIFAL Durban, is an affiliate of the United Nations Institute for Training and Research (UNITAR) established for training of local authorities in Anglophone Africa.

CHALLENGES AND MITAGATIONS

At present, there is no structured framework linking all inter-governmental activities in the district. The role of intergovernmental relations is marginalised and the role of officials in inter-governmental relations structures is not clearly defined. The district inter-governmental forums are not operational in some districts and there is poor attendance by the members. This poses a great challenge for the Unit, in its implementation of projects. As such, a new organisational structure has been proposed, and additional R2 million will be required to enhance capacity of the unit.

The xenophobic attacks cost the city about R10 million and an additional R25-30 million to accommodate eight thousand foreigners into 3 camps. The camps were provided with water, electricity, security and infrastructure. Further, The Unit worked with the department of homeaffairs to ensure that the foreign nationals are provided with relevant documentation. The relevant country ambassadors were invited to Durban and they repatriated about 7500, of the 8000, foreign nationals to their countries. The countries paid for their transportation. The remaining 500 foreign nationals could not be taken back to their countries due to wars in DRC, as from May 2015. However, the Mayor and premier effectively implemented a programme to mitigate and integrate the foreigners back to communities, which led to drastic decrease of 100 foreigners, which were left with a local farmer in Cato ridge hosted them.

SUCCESSES AND AWARDS RECEIVED

The CIFAL grant concluded new application being processed with Mile and Skills Development Unit. An amount of R530000 was funded to community foundations in eThekwini it was international and national donor funding for poverty alleviation programme.

The unit had successes in quarter 4 relating to the projects in place and meeting their annual targets. where one of the five was not meet but the rest achieved annual target.one of their projects over achieved by 23 which was the "implementation of approved events"



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PERFORMANCE TREND

IGR PROJECTS AND EVENTS

	ACTUALS 13/14	BUDGET 2014/15	BUDGET 15/16	PROPOSED SAVINGS
ADHOC EVENTS – IGR	6 585 146	4,970,000	5 292 000	292 000
INTERGOVT				
RELATIONS	1 205 179	690,000	700 000	0
SISTER CITIES	893 143	690,000	700 000	0
AFRICA NEPAD	571 087	690,000	700 000	0
WELCOME				
RECEPTIONS	3 093 413	0	0	0
CELEBRATE DURBAN	3 973 311	0	0	0
TOTAL	16 321 279	7 040 000	7 392 000.00	0

Narrative: budgeted projects for the financial year 2014/2015 to 2015/2016 drastically increased by 352000 due to the increased budget for different events and projects implemented. Most events increased by R20000 for the next financial year. Some events were not budgeted for that particular year but cost massive amount these events are as follows; "Welcome Receptions and Celebrate Durban"



IGR-Top 10 Expenditure Items/Key Cost Driver

#	Expense Item	Budget Year 2014 / 15 R'000	Budget Year 2013/14 R'000
1	EXECUTIVE PACKAGES	4,473	4,023
2	BASIC SALARIES	1,851	2,190
3	FOUNDATION FOR SOCIAL INV:DB	0,530	0, 530
	AFRICAN RENAISSANCE	0,480	0,480
4	HIRE OF VEHICLES	0,328	0,290
	TRAVELLING & SUBSITENCE ALLOWANCE	0,315	1 ,875
7	PENSION FUND	0,305	0,368
8	HIRE OF VENUES	0,250	0,150
9	TEMPORARY STAFF	0,230	0, 103
10	HOLIDAY BONUS	0,163	0,179

Narrative: There is an increase in key cost drivers of the unit from 13/14 to 14/15 this could be the cause of inflation factors. The executive packages have increased by R450000 from last year's financials as well as travelling & subsistence allowance has decrease drastically by R1560 000 for 14/15 financial year, while the rest of the cost drivers have decrease fairly to prior year.



INTERNATIONAL GOVERNANCE & RELATION

DETAILS	2014/2015 ESTIMATE	2013/2014 APPROX	2013/2014	EST-EST VARIANCE
	R'000	R'000	ESTIMATE	%
			R'000	
SALARIES & ALLOWANCES	7,294	7, 121	7, 086	2.94
GEN EXPENSES	2 ,582	5, 049	4, 941	(47.75)
REPAIRS & MAINTENANCE	0,104	0.028	4	2492.00
CONTRIBUTIONS	(0,017)	(0.019)	(15)	11.61
TOTAL EXPENDITURE	9, 963	12, 180	12 016	(17.08)
RECOVERIES & CHARGE	0	0	0	0
OUT				
NET EXPENDITURE	9, 963	12,180	12 ,016	17.08
INCOME	0	0	(2,000)	0.00
DEPARTMENT TOTAL	9 963	12,180	10 016	(0.53)

Narrative: The total expenditure of the unit has drastically decreased by R2053000 from that of last year's estimated figures. While having a negative income in 2013/2014 this could be a sign of overdraft while Repairs & Maintenance has decreased by 3.972, this is due to well serviced assets and equipment.



FUTURE FOCUS - 2015/2016

Develop key engagements/stakeholder relationships with high profile Public Rail Authority of South Africa (PRASA) leadership with city leadership to unlock and implement projects that can enhance GO DURBAN transport plan and other related key my clean city campaigns, community safety (intervention plan - Qalakabusha) and city spatial planning.

Develop key engagements/stakeholder relationships with TRANSNET and city leadership to ensure effective coordination, communication and implementation of all strategic infrastructure projects.

Finalise the process of adoption and approval of municipal IGR policy and strategy.

Working with the Office of the city manager, real estates, provincial and national government and the strategy office to explore innovations in land and property audits for human settlements (Including rural housing), SMME and incubator park development, student accommodation, education facilities and agricultural development projects.

Develop a programme of key engagements with administrative and political leadership of the city with key intergovernmental stakeholders/partners that can unblock and expedite service delivery in terms of the IDP.(establish one overall municipal wide IGR forum and four service delivery specific IGR forums)

Liaise and develop strategic relationships and partnerships with public utility entities such as ESKOM and Umgeni Water to improve communications and enhance cooperation.

2.3.9. MUNICIPAL INSTITUTE OF LEARNING (MILE)

The Municipal Institute of Learning (MILE) is a knowledge management initiative of the eThekwini Municipality that will position Durban as a learning city. Its programmes aim to enhance the capacity of local government practitioners across South Africa and the African continent. Its mandate also includes providing municipal technical support to selected municipalities, collaborating with local universities and fostering strategic national and international learning partnerships.

During the past financial year (2014/2015) MILE has hosted eight Management Seminars, two Councillor Seminars, six Master Classes, nine peer learning exchanges, four internal Communities of Practice, various Built Environment Seminars in partnership with Durban's tertiary institutions, the city's third eThekwini-University Research Symposium, and has hosted an unprecedented ten Municipal Technical Support initiatives for internal eThekwini Municipality departments, local municipalities as well as African countries such as Namibia and Malawi.

Some of the highlights included being shortlisted for the Financial Times/International Finance Corporation 2015 Transformational Business Awards and the Annual eThekwini-University Research Symposium.

Ethekwini Municipality through its Municipal Institute of Learning (MILE) was shortlisted for the Financial Times/International Finance Corporation 2015 Transformational Business Awards and competed against 140 countries in various categories. The awards showcased 'ground-breaking business initiatives that create long-term, transformative solutions to environmental, social and

corporate governance challenges.' This year's awards attracted 191 entries from 167 organisations. MILE represented the City under the 'Excellence in City Transformation.'

The 3rd annual eThekwini-University Research Symposium (EURS 2014) was co-hosted by the Mangosuthu University of Technology (MUT) was held on the 27-28 November 2014 at the Elangeni Hotel, Durban. "The overarching theme of this symposium of "Innovative Cities" was well located in eThekwini's vision of a learning city with the 2 day program providing a common platform for city practitioners and academic to engage on issues of mutual interest. The key thematic areas for collaborative and strategic research in the city will be harnessed towards Water and Sanitation, Public Health, Energy, Information Technology, Human Settlements, and Social Infrastructure. Intense and fruitful presentations and research outputs were discussed, offering creativity and innovation in response to local government challengeThe 3rd annual eThekwini-University Research Symposium (EURS 2014) co-hosted by the Mangosuthu University of Technology (MUT) was held on the 27-28 November 2014 at the Elangeni Hotel, Durban. "The overarching theme of this symposium of "Innovative Cities" was well located in eThekwini's vision of a learning city with the 2 day program providing a common platform for city practitioners and academic to engage on issues of mutual interest. The key thematic areas for collaborative and strategic research in the city will be harnessed towards Water and Sanitation, Public Health, Energy, Information Technology, Human Settlements, and Social Infrastructure. Intense and fruitful presentations and research outputs were discussed, offering creativity and innovation in response to local government challenges.

The MILE success story is due to its approach of strategically partnering with key funders and agencies that fund their programs. No additional costs to the ratepayer base are incurred for flights, accommodation, etc. for any of its capacity enhancement programs. For more information please visit our website on www.mile.org.za.

2.4. PERFORMANCE MONITORING AND EVALUATION

INTRODUCTION

In terms of section 46 of the Municipal Systems Act of 2000, municipalities are required to prepare an Annual Performance Report, which forms part of the Annual Report to be prepared in terms of the Municipal Finance Management Act 2003.

The Performance Monitoring and Evaluation Unit, reports on the municipality's implementation of its strategies, as detailed in its IDP via the Organisational Scorecard, and the Service Delivery and Budget Implementation Plan (SDBIP) reports, which detail the target and actual achievements for each quarter.

The Scorecard is audited quarterly by the Internal Audit and is presented to the Audit Committee, where Senior Management is required to address the concerns raised by the committee. Audits of predetermined Key Performance Indicators (KPIs) linked to the Strategic Focus Area (SFAs) in the IDP are also done periodically by the Internal Audit Unit. The Service Delivery and Budget Implementation Plan (SDBIP) is the operational tool used to determine whether project target for the various programmes which are linked to the Organisational Scorecard, are achieved. The Organisational Performance Information is set out in the Organisational Performance Scorecard.

The 2014 / 2015 Performance Scorecard is attached below



eThekwini Municipality Organisational Performance Scorecard 2014/2015 SCORECARD REPORT AS AT 30 June 2015

SUMMARY OF PLANS

Plan Number	Total number of KPIs:	KPIs Achieved :	KPIs Not Achieved :	KPIs achieved within 5% Tolerance	Achievement Rate (%) with tolerance	Achievement Rate (%) without tolerance
		\odot	(3)	<u></u>		
1	8	3	4	1	50.00%	37.50%
2	14	8	5	1	64.29%	57.14%
Moses Mabhida	12	7	5	0	58.33%	58.33%
3	35	24	9	2	74.29%	68.57%
4	21	12	9	0	57.14%	57.14%
5	18	12	6	0	66.67%	66.67%
6	7	7	0	0	100.00%	100.00%
7	13	8	3	2	76.92%	61.54%
8	16	14	2	0	87.50%	87.50%
	144	95	43	6	70.14%	65.97%

Variance: Approved by council to be 5 % and calculated using variances. The Variance therefore is the difference between the Target and the Actual expressed as a percentage.

^{*} KPI Variance percentages are calculated as follows: ((Target Value-Actual Value)/Target Value) *100

Plan name	Total number of KPIs	KPIs achieved	KPIs not achieved	KPIs achieved within 5% Tolerance	Achievement rate (%) with tolerance	Achievement rate (%) without tolerance
Ushaka	31	25	6	0	80.65%	80.65%
ICC	30	21	8	1	73.33%	70.00%

^{*}The detailed scorecard for Ushaka Marine World and the International Convention Centre can be found in the annual reports for the respective entities.

Plan Ov	vner: Musa N	Mbhele										
Index	KPI Name	2013/201 4 Annual Target	Actual as at 30 June 2014/Baseline 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicator	Reason For Variance	Measures Taken to Improve Performance
1.1	Develop, update and review Planning tools for managing land use and developm ent including Rural Developm ent	100	100	%	15/16 SDF Review completed and SDP review completed	SDF/SDP Annual review	100	100		©		

Plan O	wner: Musa I	Vibhele										
Index	KPI Name	2013/201 4 Annual Target	Actual as at 30 June 2014/Baseline 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicator	Reason For Variance	Measures Taken to Improve Performance
1.2	100% of all applications finalised within statutory timeframe of 30 days for applications less than 500m2 and 60 days for applications greater than or equal to 500m2		New KPI - no baseline	%	100% of all application s finalised within statutory timeframe of 30 days for application s less than 500m2 and 60 days for application s greater than 500m2	100% of all building application s meet statutory timeframes	100	99.94	Achieved within variance-0.06% Variance	⊕	Meet scorecard stipulated processin g time frames for applications - No of Team Leaders (making decisions on behalf of the local authority reduced at Central from 3 to 2 due to retiremen t	Meet scorecard stipulated processing time frames for applications - Consequenti al vacancy to be filled.

	wner: Musa I		Spatial, Natural a	III DUIN EIIV								
Index	KPI Name	2013/201 4 Annual Target	Actual as at 30 June 2014/Baseline 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicator	Reason For Variance	Measures Taken to Improve Performance
1.3	Productio n of the Annual State of Biodiversi ty (SOB) Report	100	100	%	Produce SOB Report	Produce SOB Report	100	100		©		
1.4	Secure a summons or written notice for the accused to appear in court within 21 days		New KPI - no baseline	%	100% of all cases attended to within 21 days	100% of all cases attended to within 14 days	100	100			Evidence was found to be insufficie nt - the target is therefore considere d as not achieved.	For the first term of the 2015/16 financial year the branch management is working closely with Dynatech to fine tune BPM, Metro Police to expedite Summons, Insert policy to prevent any extension of time being granted by EO. At mid-

Plan O	wner: Musa I	Mbhele										
Index	KPI Name	2013/201 4 Annual Target	Actual as at 30 June 2014/Baseline 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicator	Reason For Variance	Measures Taken to Improve Performance
												term we will assess and consider amending the KPI. Branch will seek to appoint an RC and an EA prior to the end of 15/16 Financial Year to fill vacancies. Additional Office Space has been acquired to decentralise Verulam Region is

			Spatial, Natural a	nd Built Env	rironment							
Index	wner: Musa I KPI Name	2013/201 4 Annual Target	Actual as at 30 June 2014/Baseline 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicator	Reason For Variance	Measures Taken to Improve Performance
1.5	Implemen t a Municipal Climate Protectio n Program me	100	100	%	Develop the Durban Climate Change Strategy	Developme nt of a strategic implement ation plan for the adaptation component of the Durban Climate Change Strategy.	100	100		©		
1.6	Facilitate advertisin g opportuni ties on Council owned Assets	100	95	%	Two Advertising Tenders Published represente d as 25% x 4 = 100%	3 Advertising contracts awarded	100	75	Not Achieved- 25% Variance	⊗	A report to BAC was not submitted timeously within the validity period therefore a report for a non- award	Enhance signage opportunitie s on Council owned assets - SCM process for two advertising tenders have to be restarted

			Spatial, Natural a	nd Built Env	ironment							
Plan O	wner: Musa I	Mbhele 2013/201 4 Annual Target	Actual as at 30 June 2014/Baseline 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicator	Reason For Variance	Measures Taken to Improve Performance
											had to be submitted to BAC.	
1.7	100 % of all applicatio ns finalised within statutory timefram es	100	99.60	%	100 % of all application s finalised within statutory timeframes	100%	100	100		8	Evidence was found to be insufficie nt - the target is therefore considere d as not achieved.	1) A register has been introduced as from 01st October 2015 in order to capture relevant details of applications submitted and processed, which will form part of

Plan Ov	vner: Musa I	Mbhele										
Index	KPI Name	2013/201 4 Annual Target	Actual as at 30 June 2014/Baseline 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicator	Reason For Variance	Measures Taken to Improve Performanc
												the evidence. 2) All requisition forms and certificates will be scanned an saved electronical , which will form part of the evidence.

Plan O	wner: Musa N	Иbhele										
Index	KPI Name	2013/201 4 Annual Target	Actual as at 30 June 2014/Baseline 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicator	Reason For Variance	Measures Taken to Improve Performance
1.8	Complian ce with the Integrate d Coastal Managem ent Act 2009 - Municipali ty Coastal Managem ent Program me	100	80	%	Municipal Coastal programme lodged with MEC for approval: A single document for municipal committee approval	100	100	0	Not Achieved- 100% Variance	8	Still waiting for the Province to approve Provincial Coastal managem ent Program me	Still waiting for the Province to approve Provincial Coastal management Programme

	Owner: Musa Mbhe		2012/2014	Actual as at 20	Linit Of	Annual	ГУсов	Ougston 4	Overter 4	Achieved	Indicator
Inde x	KPI Name	KPI Owner	2013/2014 Annual Target	Actual as at 30 June 2014/Baseline 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicator
2.1	Provide	Ajiv	100	99.55	Percentag	100%	An efficient	100	100		☺
	Intelligence and a Strategic	Maharaj			е	Achieveme nt of SDBIP Targets	and user- friendly economic				
	Framework as outlined in the SDBIP 2014/15					during 2014/15	database for the Municipalit y and public				
2.2	The number of jobs created through the municipality's local economic development initiatives including capital projects	Ajiv Maharaj	15095	17270	Number	15095	81916	15095	18890		©

Plan 2	:Developing a Pros	perous, Div	erse Economy	and Employment C	reation						
Plan C	wner: Musa Mbhe	ele									
Inde x	KPI Name	KPI Owner	2013/2014 Annual Target	Actual as at 30 June 2014/Baseline 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicator
2.3	Trade and Sector Development through sectors that promote economic growth and create jobs through providing support for prioritized sectors in the eThekwini Municipal region	Takalani Rathiyaya		New KPI- No Baseline	Percentag e	100% Achieveme nt of SDBIP Targets during 2014/15	Industrial Developme nt Programme to achieve a synergistic relationshi p between local economic developme nt and the identified sectors	100	97.73	Achieved within 2.27% Variance	
2.4	Support, market and promote the local film and digital media industry via the projects as outlined in the SDBIP for 2014/15	Antonett e Monty		New KPI -No Baseline	Percentag e	100% Achieveme nt of SDBIP Targets during 2014/15	Completion of 100% of the projects as outlined in the SDBIP	100	100		©

Plan 2	:Developing a Pros	sperous, Div	erse Economy	and Employment C	Creation						
Plan C	Owner: Musa Mbhe	ele									
Inde x	KPI Name	KPI Owner	2013/2014 Annual Target	Actual as at 30 June 2014/Baseline 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicator
2.5	Implementation of Investment Promotion and Facilitation projects as detailed in the SDBIP	Russell Curtis		New KPI- No Baseline	Percentag e	95% Achieveme nt of SDBIP Targets during 2014/15	100% Achieveme nt of the Projects outlined in the SDBIP	95	100		©
2.6	Facilitate Private Sector Investment Development Partnerships through a set of projects as outlined in the SDBIP for 2014/15	Russell Curtis		New KPI - No Baseline.	Percentag e	Achieveme nt of SDBIP Targets during 2014/15	100% of the Projects outlined in the SDBIP	100	88.5	Not Achieved 11.5% Variance	8
2.7	Best Practice City Commission and implementation of the recommendatio ns thereof as outlined in the projects in the SDBIP 2014/15	Emmanu al Mlambo		New KPI - No Baseline.	Percentag e	55% Achieveme nt of SDBIP target during 2014/15	Completion of 100% of the projects as outlined in the SDBIP	55	50	Not Achieved 9.09% Variance	8

Plan C	Owner: Musa Mbhe	ele									
Inde x	KPI Name	KPI Owner	2013/2014 Annual Target	Actual as at 30 June 2014/Baseline 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicator
2.8	Facilitating Nodal Development through the implementation of specific capital projects in the eThekwini Municipal region	Themba Msomi	100	86.2	Percentag e	72.29% Achieveme nt of SDBIP Targets during 2014/15	Completion of 100% of the projects as outlined in the SDBIP	72.29	62	Not Achieved 14.23% Variance	8
2.9	Implement a set of key Strategic Projects for 2013 and Beyond in the eThekwini Municipal region as outlined in the SDBIP for 2014/15	Afika Ndima	100	74.13	Percentag e	58.33% Achieveme nt of SDBIP Targets during 2014/15	Realisation of sustainable benefits from Strategic Projects in selected areas in the City	58.33	58.33		©

Plan C	Owner: Musa Mbh	ele									
Inde x	KPI Name	KPI Owner	2013/2014 Annual Target	Actual as at 30 June 2014/Baseline 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicator
2.10	Facilitating Industry Skills and Economic inclusion as is outlined through the projects in the SDBIP for 2014/15	Thulani Nzama		New KPI- No Baseline	Percentag e	100% Achieveme nt of SDBIP Targets during 2014/15	An increased number of SMMEs capacitated and exposed to various markets in the local and national economy	100	100		8
2.11	Managing the Informal Economy by providing an enabling platform for the local informal sector by implementing a set of operational and management initiatives as outlined in the	Thulani Nzama	100	100	Percentag e	100% Achieveme nt of Project as per the SDBIP Target during 2014/15	An efficient, enabling platform for the Informal Economy to function in the municipal region	100	100		©

Inde x	KPI Name	KPI Owner	2013/2014 Annual Target	Actual as at 30 June 2014/Baseline 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicator
	SDBIP for										
	2014/15										

Plan (Owner: Musa Mbh	ele									
Inde x	KPI Name	KPI Owner	2013/2014 Annual Target	Actual as at 30 June 2014/Baseline 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicator
2.12	Support the Tourism Sector through the creation of global awareness, partnership- building and an increase of spending and visitor numbers in the eThekwini Municipal region, as outlined in the SDBIP for	Phillip Sithole	100	100	Percentag e	100% Achieveme nt of SDBIP Targets during 2014/15	100% Achieveme nt of identified projects in the tourism and related sectors as outlined in the SDBIP	100	100		©

			erse Economy	and Employment C	Creation						
Plan C Inde x	Wner: Musa Mbho	KPI Owner	2013/2014 Annual Target	Actual as at 30 June 2014/Baseline 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicator
2.13	Managing the Bulk Fresh Produce Market by providing an enabling platform for businesses in the Fresh Produce sector as outlined in the SDBIP for 2014/15	Phillip Sithole	100	92.67	Percentag e	100% Achieveme nt of SDBIP Targets during 2014/15	An efficient, enabling platform for businesses in the Fresh Produce industry	100	91.04	Not Achieved 8.96% Variance	8
2.14	The number of work opportunities (i.e. 230 person days - FTES) created through the municipal capital and operating budget per line dept. this year	David Lievaart		New KPI- No baseline	Number	6200	Completion of 100% of the projects as outlined in the SDBIP	6200	6510		©

KPI Name	Reason For Variance	Measures Taken to Improve Performance
2.1. Provide Economic Intelligence and a Strategic Economic Framework as outlined in the SDBIP 2014/15		-
2.2. The number of jobs created through the municipality's local economic development initiatives including capital projects	This is due to higher than anticipated capital spend. With a budget of R5.6 billion, even spend across the financial year would amount to approximately R1.4 billion per quarter, and it is on this basis that the quarterly targets were calculated. The R1.479 billion spent in Quarter 4, therefore, is slightly higher than had been anticipated with 743 projects yet to spend – an estimated 25%	
2.3. Trade and Sector Development through sectors that promote economic growth and create jobs through providing support for prioritized sectors in the eThekwini Municipal region	Comments Copied up From S-PRJ: 2.2.11.1. Lamontville Multi-Media Centre - Part of the services were rendered, its the written report that has not been submitted	Comments Copied up From S-PRJ: 2.2.11.1. Lamontville Multi-Media Centre- EDU, legal department together with the service provider and his legal representatives are working on the matter
2.4. Support, market and promote the local film and digital media industry via the projects as outlined in the SDBIP for 2014/15		
2.5. Implementation of Investment Promotion and Facilitation projects as detailed in the SDBIP	-	

KPI Name	Reason For Variance	Measures Taken to Improve Performance
2.6. Facilitate Private Sector Investment Development Partnerships through a set of projects as outlined in the SDBIP for 2014/15	Comments Copied up From PRJ: 2.12.1. Investment Development of LIV Solar Farm Business Plan) - Step 2&3 as per Project Plan - City Manager dismissed Agency Temp. Project Managers. Deputy Head seconded into DCM's office for Catalytic projects, and all remaining SDBIP projects left to others. S-PRJ: 2.12.2.1. BR&E Phoenix Industrial Park Close-Out & Hand Over - Step 2&3 as per Project Plan- City Manager dismissed Agency Temp. Projects Managers. Protracted & unexplained eThekwini CCTV line departments delays beyond our control. PIPLOA Board decission to delay seminar beyond our control. Close Out Report only possible once above two items done. S-PRJ: 2.12.2.3. BBBEE Framework for Flagship Projects - Step 3 as per Project Plan - City Manager dismissed Agency Temp. Project Managers. Investors not yet finished with their BBBEE structuring & Framework doc, beyond our control.	Comments Copied up From PRJ: 2.12.1. Investment Development of LIV Solar Farm Business Plan) - To re-secure adequate P.M. Human Resources (as we had up to Qtr3, hence clear Audit for Qtr3). S-PRJ: 2.12.2.1. BR&E Phoenix Industrial Park Close-Out & Hand Over- To re-secure adequate P.M. Human Resources (as we had up to Qtr3, hence clear Audit for Qtr3). S-PRJ: 2.12.2.3. BBBEE Framework for Flagship Projects- To re-secure adequate P.M. Human Resources (as we had up to Qtr3, hence clear Audit for Qtr3.
2.7. Best Practice City Commission and implementation of the recommendations thereof as outlined in the projects in the SDBIP 2014/15	Comments Copied up From. S-PRJ: 2.10.2.1. Feasibility study on industrial hubs in Durban with export & SEZ potential - Project still at Supply chain stage.	Comments Copied up From. S-PRJ: 2.10.2.1. Feasibility study on industrial hubs in Durban with export & SEZ potentia - Service provider to be appointed soon.
2.8. Facilitating Nodal Development through the implementation of specific capital projects in the eThekwini Municipal region	Comments Copied up From PRJ: 2.4.3. Warwick Development -Draft MOA with PRASA not signed and IRPTN implementation delayed. PRJ: 2.15.1. NDPG - Appointment letter delayed, following administrative challenges due to an interpretation difference of the documents required for submission.	Comments Copied up From PRJ:2.4.3. Warwick Development - DCM has escalated to City Manager's office. Further assessment of improving financial viability of the whole Warwick development is also taking place. PRJ: 2.15.1. NDPG - Procurement plan for 2015/16 finalised and being discussed with SCM.

KPI Name	Reason For Variance	Measures Taken to Improve Performance
2.9. Implement a set of key Strategic	-	_
Projects for 2013 and Beyond in the		
eThekwini Municipal region as outlined		
in the SDBIP for 2014/15		
2.10. Facilitating Industry Skills and		
Economic inclusion as is outlined		
through the projects in the SDBIP for		
2014/15		
2.11. Managing the Informal Economy		
by providing an enabling platform for		
the local informal sector by		
implementing a set of operational and		
management initiatives as outlined in		
the SDBIP for 2014/15		
2.12. Support the Tourism Sector	-	-
through the creation of global		
awareness, partnership-building and an		
increase of spending and visitor		
numbers in the eThekwini Municipal		
region, as outlined in the SDBIP for		
2014/15		

KPI Name	Reason For Variance	Measures Taken to Improve Performance
2.13. Managing the Bulk Fresh Produce Market by providing an enabling platform for businesses in the Fresh Produce sector as outlined in the SDBIP for 2014/15	Comments Copied up From S-PRJ 2.9.1.1. Re-Sheeting of Roof Structure-BAC Approval was issued subject to renegotiating price with successful tenderer. S-PRJ: 2.9.2.2. Upgrde of Electrical Infrastructure in Substation C - Appeal lodged against the appointment of the successfull service provider. Implementing dept. experienced delays in finalising the design and specification for this project.	Comments Copied up From S-PRJ:2.9.1.1. Re-Sheeting of Roof Structure- SCM process to commence substantially earlier to cater for any unforseen SCM delays that could potentially delay the commencement of the project. S-PRJ: 2.9.2.2. Upgrde of Electrical Infrastructure in Substation C - SCM process to commence substantially earlier to cater for any unforseen SCM delays that could potentially delay the commencement of the project.
2.14. The number of work opportunities (i.e. 230 person days - FTES) created through the municipal capital and operating budget per line dept. this year	-	-

Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performan ce
3.1	The percentag e of household s with access to a basic level of electricity	70.67	70.95	%	70.78	71.41	70.78	72.44		©		
3.2	The percentag e of household s with access to a basic level of Solid Waste Removal	100	100	%	100	100.00	100	100		©		

	71101. 31503130											
Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performan ce
3.3	The percentag e of household s with access to at least a basic level of Water	92.93	92.71	%	92.77	92.93	92.77	92.86		©		
3.4	The percentag e of household s with access to at least a basic level of Sanitation	80.66	80.73	%	82.49	85.91	82.49	83.17		©		

Plan 3 :Creating a Quality Living Environment Plan Owner: Sibusiso Sithole Actual as at **Unit Of** 5 Year Index **KPI Name** 2013/20 Annual Quarter Quarter Achieve Indicat **Reason For** Measures 30 June Measu Target as at Target as at 4 Target 4 Actual d Variance Taken to 14 or **Annual** 2014/Baseli re 2014/2015 2016/2017 as at 30 as at 30 within Improve June June 5% Performan **Target** ne 2014/2015 2014/20 2014/20 toleran ce 15 15 ce \odot 3.5 % 18.02 The 15.685 14.480 18.02 20.86 18.13 percentag e of estimated indigent household collecting free basic services: Electricity \odot 3.6 The 60.31 60.42 % 63.24 68.74 63.24 64.33 percentag e of estimated indigent household s provided with free basic

services: Sanitation

Plan 3 :Creating a Quality Living Environment Plan Owner: Sibusiso Sithole Actual as at **Unit Of** 5 Year Index **KPI Name** 2013/20 Annual Quarter Quarter Achieve Indicat **Reason For** Measures 30 June Measu Target as at Target as at 4 Target 4 Actual d Variance Taken to 14 or **Annual** 2014/Baseli re 2014/2015 2016/2017 as at 30 as at 30 within Improve June June 5% Performan **Target** ne 2014/2015 2014/20 2014/20 toleran ce 15 15 ce \odot 3.7 % 88.26 The 88.51 88.16 88.26 88.52 88.41 percentag e of estimated indigent household s with access to free basic services: Water \odot 3.8 100% of 100 100 % 100.00 100 100 100 estimated indigent household s with access to a refuse removal service

once a week.

number of consumer units provided with access to a FREE basic level of potable WATER either by means of an indiv h yard supply (ground tank or metered flow limiter connected to a yard tap) or, for informal settlemen ts, by a	Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performan ce
	3.9	consumer units provided with access to a FREE basic level of potable WATER either by means of an indiv hh yard supply (ground tank or metered flow limiter connected to a yard tap) or, for informal settlemen ts, by a standpipe	5478	2539		600	8902	600	1429		◎	achievement is based on the UD's moratorium whereby we were forced to strategically diverted all the resources (plant, human and material) booked for UD's to supply more water to the communities which is why the numbers are higher than what was anticipated. It was going to be a fruitless expenditure not to utilize the	
within Page 91 of 851 200m Page 91 of 851													

Plan 3 :Creating a Quality Living Environment Plan Owner: Sibusiso Sithole Actual as at **Unit Of** Index **KPI Name** 2013/20 Annual 5 Year Quarter Quarter Achieve Indicat **Reason For** Measures 30 June Measu Target as at Target as at 4 Target 4 Actual d Variance Taken to 14 or **Annual** 2014/Baseli re 2014/2015 2016/2017 as at 30 as at 30 within Improve June June 5% Performan **Target** ne 2014/2015 2014/20 2014/20 toleran ce 15 15 ce \odot 16643 3.10 The 35351 35977 Numbe 16643 92 275 22301 number of consumer units provided with access to a FREE basic level of **SANITATIO** N by means of a UD toilet, an existing VIP or, for informal settlemen ts, by means of toilet/ablu tion block within

an Ow	ner: Sibusiso	Sithole										
dex	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Measu	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performat
	200m											

Plan 3 :Creating a Quality Living Environment Plan Owner: Sibusiso Sithole 2013/20 Actual as at **Unit Of** 5 Year Quarter Achieve Indicat Index **KPI Name** Annual Quarter **Reason For** Measures 30 June 4 Target Variance Taken to 14 Measu Target as at Target as at 4 Actual d or **Annual** 2014/Baseli re 2014/2015 2016/2017 as at 30 as at 30 within Improve Performan **Target** June June 5% ne 2014/2015 2014/20 2014/20 toleran ce 15 15 ce \odot 3.11 92500 85374 1 274 615 1 274 1 282 The Numbe 1 425 678 cumulativ 615 732 e number of tokens collected for free basic electricity

Plan 3 :Creating a Quality Living Environment Plan Owner: Sibusiso Sithole **KPI Name** Actual as at **Unit Of** Index 2013/20 Annual 5 Year Quarter Quarter **Achieve** Indicat **Reason For** Measures 30 June Target as at Target as at 4 Target 4 Actual d Variance Taken to 14 Measu or **Annual** 2014/Baseli re 2014/2015 2016/2017 as at 30 as at 30 within Improve June June Performan **Target** ne 5% 2014/2015 2014/20 2014/20 toleran ce 15 15 ce 700 750 750 The 3.12 The 813 Numbe 5000 808 Dependent upon number of customer number of applications connection connectio s energised ns and energised and captured captured on Ellipse, on Ellipse, for for provision of provision of convention conventio al electricity nal electricity to to consumer units consumer units Target achieved

Plan Ov	ner: Sibusiso	Sithole										
Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performan ce
3.13	The number of connections energised and captured on Ellipse, for provision of prepaid electricity to consumer units	12300	14770	Numbe r	15 000	40 000	15 000	13 342	Not Achieve d - 11.05% Varianc e	⊗	Dependent upon customer applications. Delays with SCM	20A subsidised connection s for informal settlement s introduced . Expecting BAC approval by end July2015.

Plan 3 :Creating a Quality Living Environment Plan Owner: Sibusiso Sithole 2013/20 Index **KPI Name** Actual as at **Unit Of** Annual 5 Year Quarter Quarter **Achieve** Indicat **Reason For** Measures Target as at Target as at 4 Target 4 Actual d Variance Taken to 14 30 June Measu or 2014/Baseli 2014/2015 2016/2017 as at 30 within **Improve Annual** re as at 30 Performan **Target** 5% ne June June 2014/2015 2014/20 2014/20 toleran ce 15 15 ce 7500 7300 7500 32000 Not \odot Appointment of Service 3.14 The 6809 Numbe 5516 SP for material providers number of Achieve to be new fully d supply delayed subsidized 26.45% monitored due to HOUSES Varianc investigation and more this delayed a closely to constructe e d. number of ensure can projects .Lack of meet bulk targets. infrastructure to Alignment support housing of delivery. provincial **Protracted SCM** targets (finacial negotiaons for Cornubia due to and noncosts exceeding financial)w ith subsidy quantum. municipal Land/houseInvas targets. ions in Pre-Kingburgh, approval of Cornubia, a panel of SPs for a Lamontville, Umlazi, and period of 3

Plan 3 :Creating a Quality Living Environment Plan Owner: Sibusiso Sithole 2013/20 Index **KPI Name** Actual as at **Unit Of** Annual 5 Year Quarter Quarter **Achieve** Indicat **Reason For** Measures 30 June Target as at Target as at 4 Target 4 Actual d Variance Taken to 14 Measu or **Annual** 2014/Baseli 2014/2015 2016/2017 as at 30 as at 30 within Improve re June Performan **Target** 5% June 2014/2015 2014/20 2014/20 toleran ce 15 15 ce community years for protest by turn-key adjacent appointme community in nts. Kingburgh project. 3.15 New KPI -7500 10500 7500 6743 \odot Number of new Number of Number of Numbe Not new fully new fully No Achieve fully subsidised d subsidized housing units subsidised Baseline. 10.09% allocated - 1. housing housing Beneficiaries are units units Varianc allocated unwilling to coallocated e 1. Ensure operate and sign relevant beneficiari documents e.g. es are Umlazi Infill; registered Ntuzuma D prior to Phase 2 &3 and allocation

In-situ Upgrades.

and hand

Plan 3 :Creating a Quality Living Environment Plan Owner: Sibusiso Sithole Actual as at **Unit Of** 5 Year Achieve Indicat Index **KPI Name** 2013/20 Annual Quarter Quarter **Reason For** Measures 4 Actual 14 30 June Measu Target as at Target as at 4 Target d Variance Taken to or **Annual** 2014/Baseli re 2014/2015 2016/2017 as at 30 as at 30 within Improve Performan June June 5% **Target** ne 2014/2015 2014/20 2014/20 toleran ce 15 15 ce 2.. Beneficiaries over no longer live in process. 2. informal Align settlements and cinstrcucti on of need to be replaced and houses that takes time. with identificati on and subsidy approval of beneficiari

es

Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performan ce
3.16	Hectares of land acquired for Housing		New KPI - No Baseline.	Numbe r	23005	29000	23005	22807.22 32	Achieve d within 0.86% Toleran ce	(±)	Acquisition of land had to be stopped due to hightened land invasion on targeted holdings	Investigati ng alternative greenfields to be used to address eradication of informal settlement s.

Plan 3 :Creating a Quality Living Environment Plan Owner: Sibusiso Sithole Actual as at **Unit Of** 5 Year Achieve Indicat Index **KPI Name** 2013/20 Annual Quarter Quarter **Reason For** Measures Taken to 14 30 June Measu Target as at Target as at 4 Target 4 Actual d Variance or **Annual** 2014/Baseli re 2014/2015 2016/2017 as at 30 as at 30 within Improve Performan **Target** June June 5% ne 2014/2015 2014/20 2014/20 toleran ce 15 15 ce \odot 3.17 New KPI -3172 3172 The Numbe 20315 3199 number of No household Baseline. benefittin g from serviced sites handed over for subsidised

housing units

Plan 3 :Creating a Quality Living Environment Plan Owner: Sibusiso Sithole Index **KPI Name** 2013/20 Actual as at **Unit Of** Annual 5 Year Quarter Quarter **Achieve** Indicat **Reason For** Measures 30 June Target as at Target as at 4 Target 4 Actual d Variance Taken to 14 Measu or **Annual** 2014/Baseli 2014/2015 2016/2017 as at 30 as at 30 within **Improve** re June Performan **Target** 5% June 2014/2015 2014/20 2014/20 toleran ce 15 15 ce \odot 210 CRUs -CRUs -3.18 CRU's -New KPI -210 1000 144 Not Numbe No Upgrading, Upgrading, upgrading, Achieve d refurbishm refurbish refurbishment Baseline. ment, and 31.42% and construction ent and constructi Varianc of new family constructio on of new n of new units - 18 Units e family in Jacobs family delayed due to units units (at existing work stoppages Profession caused by CLO al Team hostels). working issues. closely with the 48 Units outstanding due contractor to vandalism and to fast issues relating to track the certificate of project

completion.

Plan 3 :Creating a Quality Living Environment Plan Owner: Sibusiso Sithole 2013/20 Index **KPI Name** Actual as at **Unit Of** Annual 5 Year Quarter Quarter **Achieve** Indicat **Reason For** Measures 30 June Target as at Target as at 4 Target 4 Actual d Variance Taken to 14 Measu or **Annual** 2014/Baseli 2014/2015 2016/2017 as at 30 within Improve re as at 30 June Performan **Target** 5% ne June 2014/2015 2014/20 2014/20 toleran ce 15 15 ce \odot 2200 3.19 Upgrade & 1700 664 2200 Upgrade and Numbe 10600 2847 refurbish refurbishment of pre-1994 ment of pre-1994 housing units. -Over achieved as housing the HS Unit was units. requested to accelarate the program by Province. 3.20 Sale of 1500 917 650 2400 650 542 Sale of rental Sale of Numbe Not and pre-1994 rental and rental and Achieve stock - Land pre-1994 pre-1994 d -16.62% stock stock. ownerships in Varianc the name of Engage Ingonyama Trust Ingonyama e and some and private portions of land land are owned by owners to release private owners. See uploaded land to document for eThekwini Municipalit further reasons

y and do

Plan Ov	vner: Sibusisc	Sithole										
Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performan
												consolidation of diagrams. ee uploaded document for furthe info. It should be noted that majority of Council rental stock has been sold and the balance is mostly affected be land legal issues which is the length

Pian 3 :	Creating a Qu	anty Living	Environment									
Plan Ov	vner: Sibusiso	Sithole										
Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	as at 30 June	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performan ce
												complex process and is largely dependent on other Departmer ts outside Council. The practical example is the Mpumalan ga township where the Unit is in the processes to acquire some pockets of land from

Plan Ov	vner: Sibusiso	Sithole										
ndex	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performar ce
												Ingonyama Trust Board and the Board has to follow their own internal processes in order to release land to Council. Parallell to this process we still need to acquire private properties and consolidat e diagrams

Plan O	wner: Sibusisc	Sithole										
Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Measu	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performar ce
												depended upon receipt of funding from Province. Once the land legal process is complete we still need to deal with the process of opening of the township registers including other townships like

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Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performan ce
												KwaMashu , Kwandeng ezi, Ntuzuma, Inanda, KwaMakhu tha etc. and funding is a constraint.
3.21	Create an integrated human settlemen ts plan	100	50	%	100	100	100	100		☺		
3.22	Undertake projects to develop an integrated asset managem ent plan	76.67	76.67	%	61.07	100%	61.07	61.07		©		

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1 1011 0 11	ner: Sibusiso											
Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performan ce
3.23	Update Built Environme nt Performan ce Plan	100	100	%	100%	100%	100	100		©		
3.24	WASTE RECYCLED as a % of total waste disposed at municipal land fill sites.	9	7.60	%	10	20	10	8.1	Not Achieve d - 19% Varianc e	⊗	Delay in the expansion of the Orange bags into the Township and the delay in the introduction of glass and bottles	Tenders to supply orange and clear bags has been awarded, recycling project in the Townships will commence in the new financial year.

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Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performan ce
3.25	The number of properties below the eThekwini defined level of service provided with STORMW ATER solutions.	440	475	Numbe r	440	1320	440	613		©		
3.26	The number of km of SIDEWALK constructe d.	40	51.20	KM	80	25	80	83.6		©		

Plan Ov	vner: Sibusiso	Sithole										
Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performar ce
3.27	The km of unsurface d ROAD converted to surfaced.	11	11.60	KM	17	55.3	17	20.25		©	The km of unsurfaced ROAD converted to surfaced - Over achievement of target due to completion of carry over projects from 2013/14 financial year. Carry over projects occur when delays on the project have been experienced. These may be due to procurement delays, EIA delays, community	

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Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performan ce
											electricity, due to the scaling down of businesses and, lastly, our ageing infrastructure.	losses are mitigated by the continuous inspection of meters, to detect illegal connections, and the removal of any illegal connections. • Forensic teams have been engaged to investigate illegal-connection activities and to have

Plan O	wner: Sibusiso	Sithole										
Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Measu	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performar ce
												perpetrators rs prosecuted. • Informal settlements are also being reticulated in an attempt to reduce illegal connections. • The timeous maintenar ce of infrastruct ure and the replaceme

Plan Ov	vner: Sibusiso	Sithole										
Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performan
												infrastruct ure is undertake n continually in order to minimise technical losses. • Meters are read timeously and accurately • Meters are disconnected timeously for nonpayment and illegal use.

Plan 3 :Creating a Quality Living Environment Plan Owner: Sibusiso Sithole Index **KPI Name** 2013/20 Actual as at **Unit Of** Annual 5 Year Quarter Quarter **Achieve** Indicat **Reason For** Measures 30 June Target as at Target as at 4 Target 4 Actual d Variance Taken to 14 Measu or **Annual** 2014/Baseli 2014/2015 2016/2017 as at 30 as at 30 within **Improve** re June Performan **Target** 5% ne June 2014/2015 2014/20 2014/20 toleran ce 15 15 ce % 35 <u>...</u> 3.29 35 39.20 35 28.0 36.2 The Increase in the New civil percentag Achieve System Input contracts d withvolume due to e of nonto improve 3.43% metering an increase in revenue Toleran of informal water loss. illegal consumption ce areas and and aging increased infrastructure. pressure Increased reduction vandalism and activities. theft is also Improved making an billed of impact. Industrial commercia Land Institution al customers. To also recommence the replaceme nt of distributio

Plan 3 :Creating a Quality Living Environment Plan Owner: Sibusiso Sithole Index **KPI Name** 2013/20 Actual as at **Unit Of** Annual 5 Year Quarter Quarter **Achieve** Indicat **Reason For** Measures 30 June Target as at Target as at 4 Target 4 Actual d Variance Taken to 14 Measu or **Annual** 2014/Baseli re 2014/2015 2016/2017 as at 30 as at 30 within **Improve** June Performan **Target** 5% June 2014/2015 2014/20 2014/20 toleran ce 15 15 ce n mains (3) 3.30 The Numbe 6 1 Not The number of The number of Achieve **PUBLIC** appointme **PUBLIC** d - 50% nt of the **TRANSPORT TRANSPO RANKS** Varianc contractor has been **RT RANKS** constructed e constructe There were done and d. delays in the they are on appointment of site now. the Contractor, The project but all the other is in work in terms of progress. the designs, compiling a Tender Document, Tender Advert and Department adjudication was

			Environment									
Plan Ov	vner: Sibusiso	Sithole										
Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performan ce
											done.	
3.31	Public Transport Plan - Detailed Design of Corridor C9 of the (IRPTN) Project.	100	95.13	%	100	Operational Implementa tion of Phase 1	100	100		©		

Plan Ov	vner: Sibusisc	Sithole										
Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performan ce
3.32	Public Transport Services. No. of passenger s using accessible scheduled public transport services.	80 000	96 399	Numbe r	45000	55000	45000	77940		©	The Unit exceeded the targeted number of passengers, probably due to the maturity of the service, as it is now known in every corner of the City, and commuters are now taking advantage of the system in order to be able to reach their destinations	

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Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20	Quarter 4 Actual as at 30 June 2014/20	Achieve d within 5% toleran	Indicat or	Reason For Variance	Measures Taken to Improve Performan ce
							15	15	ce			
3.33	Public Transport Services. No. of passenger s using scheduled public transport services.	2 600	29 507 020	Numbe r	28 000 000	32 000 000	28 000	30 145 480		©	The Unit achieved more than the targeted figure of commuters.	
3.34	Implemen t an effective public transport plan for the Municipali ty		New KPI - No Baseline.	%	55% Implementa tion of Plan	100% Implementa tion of Plan	55	40.46	Not achieve d - 26.44% varianc e	8	The reporting was not standardised and descrepancies were noted during reporting.	All reporting standardis ed for the new financial year. The calculation will be correct.

Plan Ov	vner: Sibusiso	Sithole										
ndex	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Measu	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performar ce
3.35	Improve Road Safety		New KPI - No Baseline.	%	100% completion of related SDBIP projects	Completion of all linked projects	100	100		©		
												•

Plan (Owner: Dr musa	Gumede										
Inde x	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performance
4.1	Compliance with SAPS Amendment Act 1998 with regard to mandated functions of Crime Prevention, Traffic Management and Bylaw Enforcement	100	90.18	%	100% implementat ion of 3 Projects identified in the SDBIP	100% implementat ion of projects in the SDBIP	100	100		©		

Plan 4	I:Fostering a So	cially Fauit	able Environm	ent								
	Owner: Dr musa											
		Cumcac										
Inde x	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performanc e
4.2	No. of projects implemented in relation to the Social, Situational, Crime Prevention stratergies and urban safety management of the built environment throughout the EMA	206	339.00	Numbe	327	Page 123 (327 of 851	385		⊕	Project 4.2.5 Increased number of safety volunteers in second, third and fourth quarters. Project 4.2.6 Attacks on foreign nationals required intensive interventions. Project 4.2.7 Intensive and vigorous interventions to deal with drug and substance abuse.	

	1 :Fostering a So Owner: Dr musa		unio Environimi									
Inde x	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performanc e
4.3	Implementat ion of 4 projects in relation to promoting safety of communities within the EMA in support of emergency and essential services		New KPI - No Baseline.	%	Implementat ion of 4 projects within the SDBIP	100% Implementat ion of the SDBIP	84.5	84.5		©		

Plan (Owner: Dr musa	Gumede										
Inde x	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performande
4.4	Loss of life from fire and other emergencies per 100000 population served	1.04	1.74	Numbe	1.04	1	1.04	1.5	Not achieve d 44% varienc e	8	More than 50% of the 53 deaths recorded can be attributed to fires in informal dwellings, in addition a total of eight lives were lost in two separate MVAs where the vehicles caught fire as a result of the impact	Public fire safety education initiatives to be itensified in the new financial year.

Plan (Owner: Dr musa	Gumede										
Inde x	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performand e
4.5	Value of property destroyed by fire per R1000 of rateable value	0.95	0.93	R	0.95	0.85	0.95	1.34	Not achieve d 41% varienc e	8	There were two large fires attended by the Unit. These were that of Sto-Bel Deliveries in February 2015 and African Sun Oil Refineries in March 2015 (value of property destroyed based on estimates made on scene by senior Operational personnel)	The Unit is in the process of improving capacity by filling vacant posts within the Fire Safety Departmen t to achieve reasonable fire inspections of premises and enforceme nt of bylaws, which is currently a shortcomin g

Plan 4	:Fostering a So	cially Equit	able Environm	ent								
	Owner: Dr musa											
Inde	KPI Name	2012/20	Actual as at	Unit Of	Annual	5 Year	Quarter	Quarter	Achieve	Indicat	Reason For	Measures
x	KPI Name	2013/20 14 Annual Target	30 June 2014/Baseli ne 2014/2015	Measu re	Target as at 2014/2015	Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	d within 5% toleran ce	or	Variance	Taken to Improve Performanc e
4.6	implementation of the SDBIP Projects with regards to reducing the incidence and severity of fire and other emergencies		New KPI - No Baseline.	%	86.67	Page 127	86.67	77.22	Not achieve d ;10.90% varianc e	8	Operational personnel conducting educational visits at larger sub-stations or requesting schools which would ordinarily have been hosted at Central and Pinetown whilst construction work is still underway. Number of schools hosted in fourth quarter totals 44 against a target of 50, as opposed to the 17 schools hosted in Q3.	Awaiting review by Internal Audit in respect of previously excluded work.

Plan (Owner: Dr musa	Gumede										
Inde x	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performand e
4.7	Ensure the safety and security of municipal councillors, officials and municipal assets	75	75	%	75% Implementat ion of the SDBIP	100% Implementat ion of Projects linked to the SDBIP	75	99.48		©	Over achievement - Improved system implementatio n linked to complaints Improved controls and increased site visits	
4.8	Reduction in the number of contraventio ns in terms of the Security Management Framework	45	12.88	Numbe r	45	20	45	1.65		©	Over Achievement - Improved mangement of the processes	

Plan (Owner: Dr musa	Gumede										
Inde x	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performand e
4.9	Number of school health service teams		New KPI - No Baseline.	Numbe r	15	18	15	4	Not achieve d; 73.33% varianc e	8	Staff shortage. High staff turnover of professional nurses and unable to replace with temporary municipal employed staff.	Further engage with senior menegeme nt to reconsider employmer t of temporary staff in the palce of nurses who have resigned whilst awaiting permanent placement.

Plan 4	1 :Fostering a So	cially Equit	able Environm	ent								
Plan (Owner: Dr musa	Gumede										
Inde x	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performanc e
4.10	Clinic and environment al health services supervision rate in compliance with the health unit policy.		New KPI - No Baseline.	%	100	100	100	30.6	Not achieve d; 69.4% varianc e	8	Non submission of reports to the Head	Consequen t manageme nt for poor performanc e

Plan (Owner: Dr mus	a Gumede										
Inde x	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performand e
4.11	Number of clinics fully compliant with ideal clinic standards.		New KPI - No Baseline.	Numbe	15	20	15	6	Not achieve d; 60% varianc e	⊗	The existing challenges include the professional nurse staff shortage as well as non availability of allied health swervices such as dieticians, optometists, physiotherapis t, as well as unavaility to services of outreach specialist teams in the municipality. Unavailability of critical equipment such as water and electricity	Have engaged province to provide additional funding for staffing. Although this funding will not cover current shortage province has agreed to provide funding for additional staff. There are ongoing engagemen ts with municipal finance to address infrastructu

Plan 4	1 :Fostering a So	cially Equit	able Environm	ent								
Plan (Owner: Dr musa	Gumede										
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4.12	Number of new passive monitoring stations monitoring Levels of pollutants in air		New KPI - No Baseline.	Numbe r	10	10	10	10		©		
4.13	Number of environment al health prosecutions		New KPI - No Baseline.	Numbe r	280	1000	280	380		☺	Overachievem ent due to blitz being conducted certain areas (North Area 2,3,4, South 3,4,) and under performance in other areas (N1,N6, S1,S2,S5&6,S7)	

Plan (Owner: Dr musa	Gumede										
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4.14	Number of environment al health service area audits		New KPI - No Baseline.	Numbe r	18	18	18	18		©		
4.15	Number of patients initiated on ARVs	20 000	33 720	Numbe r	26 500	75 000	26 500	31, 869		©	CD4 threshold increased from 350 to 500, therefore creating increased demand for the service.	
4.16	Number of new sites with implementat ion of rodent management programme	3	3	Numbe r	3	12	3	3		©		

Plan (Owner: Dr musa	Gumede										
Inde x	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performance
4.17	Develop and implement a unit wide water quality monitoring programme		New KPI - No Baseline.	Numbe r	1	1	1	0	Not achieve d; 100% varianc e	8	Plan developed, however implementatio n only submitted by one sub district (West)	Motivate to DCM to adhere to strict performanc e manageme nt of deputy heads.
4.18	Improve food safety through introduction of chemical sampling		New KPI - No Baseline.	Numbe r	150	150	150	61	Not achieve d; 59.33% varianc e	8	Plan developed, however implementatio n only submitted by one sub district (West)	Motivate to DCM to adhere to strict performanc e manageme nt of deputy heads.

	:Fostering a So		able Environm	ent								
Plan (Owner: Dr musa	Gumede										
Inde x	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performanc e
4.19	Improve TB programme performance through increasing patients converting from sputum smear positive to negative		New KPI - No Baseline.	%	83	85	83	83.9		©		
4.20	Provide basic antenatal care for pregnant women		New KPI - No Baseline.	%	56.67	57	56.67	60.77		☺		
4.21	Cervical Cancer screening in women 30 to 59 years if		New KPI - No Baseline.	%	100	100	100	100		8	Evidence was found to be insufficient because some clinics had run	Manageme nt will ensure that clinics do not run out

Plan (Owner: Dr mus	a Gumede										
Inde x	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performand e
	age										out of registers and used individual pages to record patient information. At the time of the audit these loose pages were not produced as evidence by the clinics. The reason clinics ran out of registers is because provincial indicator set rationalisation process which was not	of registers,wi Il review the procedures for storage of patient records, and in- service clinicians on procedure for submission of clinical evidence to auditors in an effort to ensure that the work that has been done

	Fostering a Son Dwner: Dr musa		able Environmo	ent								
Inde x	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achieve d within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performanc e
											completed in time.	can be substantiat ed.

Plan Ov	vner: Dumisile N	ene										
Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/201	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indi cat or	Reason For Variance	Measures Taken to Improve Performance
5.1	% implementati on of the Work Place Skills Plan	75	65	%	75	100	75	93		©	Improved attendanc e; Minimal delays in procurem ent of training service providers due to multiyear contracts being in place	
5.2	Compilation and submission of the Workplace Skills Plan by 30 June	100	100	Number	1	1	1	1		(()		

Plan Ov	vner: Dumisile N	ene										
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5.3	The percentage of a Municipality's budget actual spent on implementin g its workplace skills plan	1	1.3	%	1% of payroll	1% of payroll	1	1.62		©	Units implemen ting their technical training well, thus increasing their annual spend. More venues being available for access to train, resulting in higher numbers being trained More public private	

iaii Ov	lan Owner: Dumisile Nene											
ndex	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/201 7	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indi cat or	Reason For Variance	Measures Taken to Improve Performance
											ips establishe d to allow for implemen tation of program mes to address skills shortages , thus municipal ity also partners with funding LG SETA awarding discretion ary grants for specific	

Plan Ov	vner: Dumisile N	ene										
Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/201 7	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indi cat or	Reason For Variance	Measures Taken to Improve Performance
											stimulatin g spending on program mes, with the intention of the SETA awarding grants.	
5.4	Number of activities established to promote the city as a centre for learning	26	26	Number	26	130	26	31		©		

Plan O	vner: Dumisile N	ene										
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5.5	The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan: FEMALE TOP	34	21	Number	Female Top=34	34	34	29	Not Achieved - 14.71% Variance	8	Vacancies at TOP level that are targeted to be filled with females have not been filled. There is also a shortage of females applying for TOP positions	Fast track filling of vacancies

Plan Ov	vner: Dumisile N	ene										
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5.6	The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan: FEMALE SENIOR	100	36	Number	Female Senior= 100	100	100	106		©	Contributi on by units to fill vacancies timeously , implemen tation of Talent managem ent Strategy	

Plan O	wner: Dumisile N	ene										
ndex	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/201 7	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indi cat or	Reason For Variance	Measures Taken to Improve Performance
5.7	The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan: FEMALE MIDDLE	275	260	Number	Female Middle=27 5	275	275	297		©	Increase in recruitme nt initiatives	
5.8	Provide comprehensi ve health and safety programmes as per the	10288	10415	Number	10288	Full provision of services to all Clusters	10315	11394		©	Overachie ved due to the high numbers of depot	

lan Ov	vner: Dumisile	Nene										
ndex	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/201	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indi cat or	Reason For Variance	Measures Taken to Improve Performance
	SDBIP					per the SDBIP projects					and departme ntal wellness project requests that were met through augmenti ng internal resources with additional external service provider support; departme ntal HCT project requests that were	

Plan Ov	vner: Dumisile	Nene										
ndex	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/201 7	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indi cat or	Reason For Variance	Measures Taken to Improve Performance
											through	
											augmenti	
											ng internal	
											resources	
											with	
											additional	
											external	
											service	
											provider	
											support;	
											higher	
											than	
											anticipate	
											d	
											preplace ment	
											medicals	
											scheduled	
											via	
											recruitme	
											nt	

Plan O	wner: Dumisile N	lene										
Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/201	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indi cat or	Reason For Variance	Measures Taken to Improve Performance
5.9	Reduce the Disabling Injury Frequency Rate (DIFR) on an annual basis	2.25	0.93	Ratio	To reduce DIFR to 2.00	Decrease Disabling Injury Frequenc y Rate (DIFR) to 1,50	2	0.81		©	We achieved a lower ratio indicating fewer disabling injuries this year and better safety performance for the organisati on. Fewer disabling injuries	

Plan Ov	vner: Dumisile N	ene										
Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/201	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indi cat or	Reason For Variance	Measures Taken to Improve Performance
5.10	Addressing the low level of youth and adult language and numeracy skills	100	100	%	100% achieveme nt of SDBIP targets	Increase in youth and adult literacy	100	100		©		
5.11	Encouraging and supporting cooperatives, small enterprises, worker initiated, NGO and community training initiatives	100	100	%	100% achieveme nt of SDBIP targets	100% achievem ent of SDBIP targets	100	100		©		

	Creating a Platfo vner: Dumisile N		wiii, Liiipoweiiii	ient and Skill	is Developillell							
					T	T = 1.			T	l		
Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/201 7	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indi cat or	Reason For Variance	Measures Taken to Improve Performance
5.12	Increasing public sector capacity for improved service delivery and supporting the building of a development al state	100	87.50	Number	3 training provided for council developme nt	100% achievem ent of SDBIP targets	3	3		©		
5.13	Building career and vocational guidance	100	100	%	100% achieveme nt of SDBIP targets	100% achievem ent of SDBIP targets	100	100		©		
5.14	Provide accurate, valid and reliable human capital metrics, analysis and recommenda		New KPI - No Baseline.	%	100%	100%	100	100		8	The target was considere d as not achieved due to the fact that some	a) Sub-project 5.10.1.1: The number of assessments conducted in a given quarter cannot be determined as it is based on

Plan Ov	vner: Dumisile	Nene										
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	tions										sub- projects could not be objectivel y measured and were not considere d SMART. Evidence was thus found to be insufficie nt as the targets were not easily measurab le.	requests. The project will be added onto the SDBIP once the new Recruitment and Selection Policy has been approved and the project becomes measurable. b) Sub-project 5.10.1.2: Measures were implemented. However, only verbal and emission feedback was obtained. Therefore the feedback form stakeholders could not be

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Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/201 7	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indi cat or	Reason For Variance	Measures Taken to Improve Performance
												measured. Going forward for 2015/16, a feedback survey will be conducted to determine the impact of the initiatives. For 2015/2016 the HR Unit has committed to meeting with Audit and PME together to assist in the formulation of KPIs and project plans to ensure that the targets are SMART and measurable and that evidence

Plan Ov	wner: Dumisile N	ene										
Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/201 7	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indi cat or	Reason For Variance	Measures Taken to Improve Performance
												sufficient.
5.15	Create an integrated HR System to provide for accurate and timeous remuneration of employees and enable management to effectively manage their employees		New KPI - No Baseline.	%	100%	100%	100	91	Not Achieved - 9% Variance	8	The benchmar king and policy developm ent was a lengthy and comprehe nsive process. Change in managem ent and lack of continuity .; 4/5 projects where achieved.	This is a 4 year project of which only 30% of the total project was targeted to be achieved by June 2015 The key actions have been carried over into the 2015/2016 business plan whereby clear project plans will be put in place to compensate for targets not achieved in 2014/2015.
5.16	Implement the Succession Planning and		New KPI - No Baseline.	%	100%	100%	100	100		8	Weightin g of each Milestone in the	It is not easy to measure the Talent management

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	Talent Management Framework										project plan was not defined. Therefore , the target is considere d as not achieved.	projects i.e. Talent Management committeed, coaching and mentoring and attraction and retention. Goi forward, we w include in our 2015/16 proje plan, specific milestones pe quarter and specify the typ of evidence th we will supply per quarter. V will use the project plan guideline provided by

Plan Ov	vner: Dumisile N	ene										
Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/201 7	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indi cat or	Reason For Variance	Measures Taken to Improve Performance
5.17	The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan: People With Disabilities		New KPI - No Baseline.	Number	Pa	ge 154 of	851	64			The POE included all disabled staff in the workforce instead of 3 highest levels of managem ent. The target was therefore not achieved.	In terms of the EE Act, every employer must achieve 2% for PWD. Therefore the EE plan has focused on improving the PWD for the City. The levels that were targets for occupational level include level 4. level one had no posts planned to be filled by PWD - again, most of the executive post are regarded a scarce and it is difficult in the market to find suitabl qualified people. There are progression posts between level 4 and 3 which makes it

Plan Ov	vner: Dumisile N	ene										
Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/201 7	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indi cat or	Reason For Variance	Measures Taken to Improve Performance
5.18	Provide Performance Management training for new staff in Task Grade 5 and above within 2 months of their commencem ent.		New KPI - No Baseline.	%	100%	100%	100	75	Not Achieved -25% Variance	8	Non- attendanc e of scheduled training by staff	Training will be rescheduled on an ongoing basis and staff will be advised of scheduled training via Info Info.

Plan 6 :Eml	oracing our Cult	ural Divers	ity, Arts and H	leritage								
Plan Owne	r: Dr musa Gun	nede										
Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Basel ine 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/201 7	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achiev ed within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performance
6.1	Number of opportuniti es reflecting the extent of access to arts, culture, sports, recreation and heritage	225	457	Numbe	379	1125 opportuni ties	379	440		©	Due to under performance in Q1 & Q2, all depts were urged to increase their outputs and their reporting (this was also identified as a challenge) on programmes undertaken to make up for the shortfall. This, together with the reduction of targets in the MTAs has contributed to an overachievement , which will carry through to Q4 reporting as well. Additionally, adhoc requests are	

	oracing our Cult		ity, Arts and H	leritage								
	r: Dr musa Gun											
Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Basel ine 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/201 7	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achiev ed within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performance
											constantly being made by various stakeholders, and line depts are obliged to comply to ensure that public requests are timeously responded to. In some instances (publications and seminars), these are unplanned and based on requests from relevant stakeholders.	
6.2	Number of socio-cultural empowerm ent initiatives.	47	145	Numbe r	69 Initiatives	235	69	69		☺		

Plan 6 :Embracing our Cultural Diversity, Arts and Heritage

Plan Owner: Dr musa Gumede

	ier: Dr musa Gun	1			1				1			
Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Basel ine 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/201 7	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achiev ed within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performance
6.3	Developme nt of Master-plan linked to Cultural Precincts within the EMA" (Phase 1)	100	100	%	100% Completion of Concept note/Feasib ility study for K-CAP and Umlazi	Culutural Precincts MasterPla n in place (100% completio n of 4 phases)	100	100		©		
6.4	Execution of Heritage programme s as outlined in the SDBIP	55	55	Numbe r	43 Programme s	195 Program mes	43	43		☺		

	mbracing our Cult		ity, Arts and H	ieritage								
Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Basel ine 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/201 7	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achiev ed within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performance
6.5	Progress made towards effective manageme nt and compliance with legislative requiremen ts to support effective green environmen t manageme nt.	100	100	%	100%	100%	100%	100%		©		
6.6	Implementa tion of Sporting opportuniti es as outlined in the SDBIP	65	65	Numbe r	20	325	20	20		©		

Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Basel ine 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/201 7	Quarter 4 Target as at 30 June 2014/20 15	Quarter 4 Actual as at 30 June 2014/20 15	Achiev ed within 5% toleran ce	Indicat or	Reason For Variance	Measures Taken to Improve Performance
6.7	Implementa tion of Cultural and Natural Heritage project for infrastructu re developme nt and asset manageme nt.	100	90	%	100%	100%	100%	100%		©		

Plan 7: Good Governance and Responsive Local Government Plan Owner: Sipho Cele 2013/20 Unit Of Achieved Actual as at Annual 5 Year Quarter 4 Index **KPI Name** Quarter 4 **Indicator** Reason Measures within 5% 14 30 June Measu Target as at Target as at Target as at **Actual as** For Taken to **Annual** 2014/Baseli 2014/2015 2016/2017 30 June at 30 June tolerance Variance Improve re 2014/2015 Performance Target 2014/2015 ne 2014/2015 \odot 190 435 138 7.1 Number of 186 Numbe 112 112 The international budget was made agreements available and from projects, events and savings to protocol be able toaccomo projects and date intergovern mental more agreements projects and projects that enhance Municipal service delivery.

Plan 7 : Good Governance and Responsive Local Government

Plan Owner: Sipho Cele

· iaii Ov	mei. Sipilo Cei				•	•		_		•	1	_
Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicator	Reason For Variance	Measures Taken to Improve Performance
7.2	Customer satisfaction based on the customer satisfaction questionnair e and mystery shopper programme	85	91.14	%	Average annual score of 86%	88	86	91.4		☺	The KPI is new and the results achieved were not anticipate d.	

Plan 7: Good Governance and Responsive Local Government Plan Owner: Sipho Cele 2013/20 **Unit Of** 5 Year **Achieved** Index **KPI Name** Actual as at Annual Quarter 4 Quarter 4 Indicator Reason Measures 14 30 June Target as at Target as at Target as at **Actual as** within 5% Measu For Taken to 2014/Baseli 2014/2015 2016/2017 30 June at 30 June tolerance Variance Improve **Annual** re 2014/2015 2014/2015 Performance Target ne 2014/2015 (3) 1. Collation 7.3 Number of 693 877 Numbe 18 488 19 000 18 488 18 686 Evidence of portfolio intervention was found to of evidence: s to be (a) Managers encourage insufficie effective to be public nt - the responsible participation target is for collation in Council of portfolio therefore activities considere of evidence d as not for their achieved. respective KPI's (b) Managers to submit the portfolio of evidence on the 2nd each month to the respective Snr. Managers (c) File with the portfolio of evidence

Plan Ov	vner: Sipho Ce	le										
Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicator	Reason For Variance	Measures Taken to Improve Performance
												kept in the Snr Managers office for verification by audit 2. Monitoring of portfolio of evidence: (a) Managers to collect portfolio of evidence weekly
												3. Monitoring of performance (a) Manager to track performance

Pian Ov	vner: Sipho Cel	е										
Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicator	Reason For Variance	Measures Taken to Improve Performance
												(b) Manager to report to Snr Managers or non achievements and reasons weekly (c) Snr Managers to verify the specific KPI performance

Plan 7: Good Governance and Responsive Local Government Plan Owner: Sipho Cele 2013/20 Achieved Actual as at **Unit Of** 5 Year Quarter 4 Index **KPI Name** Annual Quarter 4 **Indicator** Reason Measures 14 30 June Measu Target as at Target as at Target as at **Actual as** within 5% For Taken to **Annual** 2014/Baseli 2014/2015 2016/2017 30 June at 30 June tolerance Variance Improve re 2014/2015 Performance 2014/2015 Target ne 2014/2015 \odot 10 10 7.4 No. of 10 9 Numbe 10 12 communicat communicat Communicat ion tools ion tools ion tools maintained maintained maintained and and developmen developed in line with the t if 1 tool Adopted Communicat ion Strategy and Policy in order to provide facilities for the Municipality to communicat e internally and externally

Plan 7: Good Governance and Responsive Local Government Plan Owner: Sipho Cele 2013/20 **Unit Of** 5 Year **Achieved** Index **KPI Name** Actual as at Annual Quarter 4 Quarter 4 **Indicator** Reason Measures 30 June Target as at Target as at Target as at within 5% 14 Measu Actual as For Taken to 2014/Baseli 2014/2015 2016/2017 30 June at 30 June Improve **Annual** tolerance Variance re 2014/2015 2014/2015 Performance Target ne 2014/2015 7.5 Implementat 100 84 % 98.33 % 100% 98.33 96.06 7.11.1.3. 7.11.1.3. Achieved Review of Review of ion of implementat implementat within a identified ion of 6 ion of 8 2.31% Corporate Corporate Gifts Gifts Policy systems, identified identified variance projects. projects Policy -We will policies, The policy engage with events and the relevant services to was drafted stakeholders promote the interface by the to determine between Unit but a way Council, the forward. was not Administrati approved 7.11.1.4. on and the Catering: and therefore Citizenry. Policy /Guidelines could not be The SCM implemen Unit will now ted. co-ordinate all catering 7.11.1.4. Catering: so no action Policy is required /Guidelin on our part. es - The 7.11.5. catering Enhance the function interface

Plan Ov	vner: Sipho Ce	le										
Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicator	Reason For Variance	Measures Taken to Improve Performance
											was transferre d from the Mayoral Parlour Unit to SCM. 7.11.5. Enhance the interface between the Mayor's Office and the Citizenry - The input on the structure was made timeously but there were	between the Mayor's Office and the Citizenry - We are following up to ensure approval of the structure as soon as possible.

Plan 7: Good Governance and Responsive Local Government Plan Owner: Sipho Cele 2013/20 **Unit Of** 5 Year Achieved Index **KPI Name** Actual as at Annual Quarter 4 Quarter 4 **Indicator** Reason Measures 14 30 June Measu Target as at Target as at Target as at within 5% Actual as For Taken to 2014/Baseli 2014/2015 2016/2017 30 June at 30 June tolerance Improve **Annual** Variance re 2014/2015 2014/2015 Performance Target ne 2014/2015 delays in the approval of the structure which was beyond the control of the Mayoral Parlour Unit. 7.6 New KPI-no % 73.33 100% 73.33 71.5 Evidence Percentage achieved Monitoring within a implementat baseline mechanisms was ion of the 2.5% found to will be

Variance

be

insufficie

nt - the

target is therefore

considere

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achieved.

improved for

2015/16 to

ensure the

implementat

pace of

ion of

projects

stays within

anti-

rights

corruption and human

programme

Plan 7 : Good Governance and Responsive Local Government

Plan Owner: Sipho Cele

Plati Ow	ner: Sipno Cei											
Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicator	Reason For Variance	Measures Taken to Improve Performance
												targeted timelines. Portfolio of evidence to be regularly updated to maintain accuracy.
7.7	Number of projects implemente d for ERM and BCM in the municipality and its entities	69	87	Numbe r	106	325	106	132		©	Additiona I Adhoc risk assessme nts from line managem ent	

Plan 7 : Good Governance and Responsive Local Government

Plan Owner: Sipho Cele

Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Measu	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicator	Reason For Variance	Measures Taken to Improve Performance
7.8	Percentage of audits as approved by the audit committee undertaken to determine the adequacy of internal controls designed to mitigate against identified risks.	100	108	%	90%	100%	90	90		©		
7.9	Unqualified audit in terms of performance information	100	100	%	Unqualified - 100%	Unqualified - 100%	100	100		©		

Plan 7: Good Governance and Responsive Local Government Plan Owner: Sipho Cele 2013/20 **Unit Of** 5 Year **Achieved** Index **KPI Name** Actual as at Annual Quarter 4 Quarter 4 Indicator Reason Measures 14 30 June Target as at Target as at Target as at within 5% Measu Actual as For Taken to 2014/Baseli 2014/2015 2016/2017 30 June at 30 June tolerance Improve **Annual** Variance re 2014/2015 2014/2015 Performance Target ne 2014/2015 \odot 100 % 7.10 Implementat 100 93 % Implementa 100 142.75 Achieved ion of IT tion of 100% implementat more ion of all initiatives to of all than was anticipate improve projects projects in efficiencies, contained in the ICT d due to effectivenes strategy that adjustme the business s & have a 5 nt budget plan year or less accountabilit y and life span eliminate wastage of resources 132 82 \odot 7.11 84 102 Numbe 66 66 1. New Intervention s introduced intervention intervention CHR to improve S Strategy productivity, encourag efficiency ed more and innovatio effectivenes n 2. s within the Institutio municipality nal Review projects on adhoc

basis can

Plan 7 :Good Governance and Responsive Local Government Plan Owner: Sipho Cele

Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicator	Reason For Variance	Measures Taken to Improve Performance
7.12	% of Business License Applications finalised within statutory timeframe - 21 days		New KPI - No Baseline.	%	All business licence applications finalised within	All business licence applications finalised within 21 days	100	0	Not Achieved, 100% Variance	⊗	not be planned. 3.Implem entation of Printer Policy gave more impetus to this function The legislated timefram e of 21 days is not practical due to the processes that need to be followed and the	The new Licensing Bill is being drafted in conjunction with Province (DTI) was presented to the MEC who then sent it back for amendments late last year.

Plan 7: Good Governance and Responsive Local Government Plan Owner: Sipho Cele 2013/20 **Unit Of** 5 Year **Achieved** Index **KPI Name** Actual as at Annual Quarter 4 Quarter 4 **Indicator** Reason Measures 14 30 June Measu Target as at Target as at Target as at within 5% For Actual as Taken to 2014/Baseli 2014/2015 2016/2017 30 June at 30 June tolerance Improve **Annual** Variance re 2014/2015 2014/2015 Performance Target ne 2014/2015 stakehold Monitoring ers that and need to reporting is be done on a consulted weekly and monthly basis. 7.13 100 % 100% 8 Evidence Coordinatio 100 100 100 Managemen n and t undertakes was found to to define implementat ion of the clearly how be **INK ABM** the projects insufficie nt - the undertaken programme were rolled target is therefore up into four considere key d as not programmes achieved. as reported in the SDBIP.

This report

Index	KPI Name	2013/20 14 Annual Target	Actual as at 30 June 2014/Baseli ne 2014/2015	Unit Of Measu re	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicator	Reason For Variance	Measures Taken to Improve Performance
												will be used to inform the setting up of a reporting format in consultation with the Head: Performance Monitoring.

	vner: Krish k		d Sustainable City									
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baseline 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Measures Taken to Improve Performance
8.1	The percenta ge of the municipal ity's capital budget actually spent on capital projects in terms of the municipal ity's integrate d develop ment plan including housing top	90	89	%	90	100	90	92.16		©	Overachie ving.Accel erated spend in Housing	

Plan Ov	vner: Krish K	(umar										
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baseline 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Measures Taken to Improve Performance
	structure expendit ure.											
8.2	Issue 2 Supplem entary Rolls per year thereby exceedin g the MPRA requirem ent of issuing 1 suppleme ntary roll per year	2	5 Supplementar y Rolls	Number	2 Supplemen tary Rolls	2 Supplemen tary Rolls	2	3		©	2nd Supp Role of Fiancial Year published in 3rd Querter. Total of 3 Suppleme ntary Rolls published for financial year.Addi tional Supp published to smooth rates income	N/A

Plan Ov	vner: Krish I	Kumar										
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baseline 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Measures Taken to Improve Performance
											billing	
8.3	Optimal availabilit y of fleet vehicles (excludin g buses)	90	95	%	90.00	90.00	90	94		©	Achieved due to effort employed at monitorin g and managing the turn around time for vehicles at workshop	

Plan Ov	vner: Krish I	Kumar										
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baseline 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Measures Taken to Improve Performance
											s. Meetings with the managers are held every Friday morning.	
8.4	Optimal availabilit y of bus fleet	90	95	%	90.00	90.00	90	95		©	Achieved due to effort employed at monitorin g and managing the turn around time for buses at workshop s.	

Plan Ov	vner: Krish k	(umar										
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baseline 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Measures Taken to Improve Performance
											Meetings with the bus manufact urers are held every Friday morning.	
8.5	Outstand ing Service Debtors to Revenue	38	26.20	%	38.00	38.00	38	27.61		©	Excellent collection rate due to strict implemen tation of credit control policy	
8.6	Debt Coverage Ratio (No. of times)	11	11.10	Number of Times	11	15	11	12.22		©	Favourabl e - High income levels	

Plan Ov	vner: Krish k	Kumar										
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baseline 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Measures Taken to Improve Performance
8.7	Cost Coverage Ratio (No. of Times)	2	4.70	Number of Times	2	2	2	3.98		©		
8.8	Gearing Ratio (Debt to Total Income including grant income)	45	39	%	45	40	45	35		©	Target is a Benchmar k	
8.9	Report from Auditor General	100	Unqualified audit report - 100	%	Unqualified audit report	Unqualified audit report	100	100		©		

Plan O	wner: Krish K	(umar										
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baseline 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Measures Taken to Improve Performance
8.10	Aligning SCM Processes to ISO 9001: Gap analysis; assessme nt & verificati on report; and publicity to be done	100	45	%	1. Complete plan; 2. Undertake workshops; 3. Review results; 4. Implement recommen dations; 5. Produce final report; and 6. Publicity	100	100	85			The manager that was driving the project left the council and there were no other resources under him to continue with the project. Thus the responsib ilities were distribute d to other managers	The unit has decided to outsource the project to an organisation that is competent and capacitated.

Plan Ov	vner: Krish	Kumar										
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baseline 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Measures Taken to Improve Performance
											However, due to the nature of this project being demandin g, complex and requires special expertise we were not able to reach	

Plan 8:	Financially A	ccountable an	d Sustainable City	1								
Plan Ov	vner: Krish k	(umar										
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baseline 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Measures Taken to Improve Performance
8.11	Maintain an overall payment rate of Cash over Monthly billing at 95%	93.75	104.84	%	95	95	95	103.04		©	Continue d impemen tation of credit control procedur es	
8.12	Impleme ntation of the Durban Energy Office program mes	100	100	%	100% implement ation of programme s	100%	100	100		©		

	•		d Sustainable City	1								
Plan Ov	vner: Krish k	Kumar										
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baseline 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Measures Taken to Improve Performance
8.13	Monitori ng and reporting on organisat ional procurem ent plans for top 150 Capital Budget line items	100	100	%	100%	100%	100	100		©		
8.14	Percenta ge impleme ntation of procurem ent plan and monitori ng thereof for SCM	100	100	%	100%	100%	100	100		©		

Plan Ov	wner: Krish K	Kumar										
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baseline 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Measures Taken to Improve Performance
	managed contracts											
8.15	Impleme ntation of a Web- enabled Procurem ent System (JDE SSS) for services - Pilot Plan at Architect ure: Prelimina ry planning; impleme ntation methodol ogy and		New KPI- No baseline	%	Classification and categorisation of suppliers	100	100	100				

Plan Ov	vner: Krish k	Kumar										
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baseline 2014/2015	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Measures Taken to Improve Performance
	policy and SOP develop ment											
8.16	Develop and impleme nt a new Billing System		New KPI - No Baseline.	%	78.75%	Full implement ation of the system	78.75	80.75		(S)	Evidence was found to be insufficie nt - the target is therefore considere d as not achieved.	Discussions will be held amongst the role players to discuss the available evidence versus the evidence requirement s. Once an agreement is reached, the required evidence will then be provided.

CHAPTER THREE – SERVICE DELIVERY PERFORMANCE

3.2. WATER PROVISION

The eThekwini Water and Sanitation Unit has as its Vision to provide world class water and sanitation services to the citizens of eThekwini Municipality by 2030. Its Mission is to provide efficient, effective, affordable and sustainable delivery of quality water and sanitation services to the people of eThekwini in a customer friendly manner. It does this through its involvement in the treatment and distribution of world class potable water, and the treatment of both domestic and industrial effluent. The Unit consists of the Head who is supported by six Deputy Heads, four Strategic Executives and a Project Manager along with 3 374 staff. It is also involved in providing experience for interns and young engineers in training as well as outreaches to communities and schools in the area. The Water and Sanitation Unit was an inaugural participant in the Department of Water and Sanitation's Blue Drop, Green Drop, Regulatory Performance Management (RPMS) and No-Drop programmes. Although no reports have been officially released since 2012, the Unit continues to strive for excellence in the performance of its duties and this has been seen in its performance over the past eight years. The Unit is renowned both locally and internationally as a centre for municipal research and innovation and has won several awards in this regard, the most noteworthy of which was the Stockholm Water Industry Award, which was presented to the outgoing Head and incoming Head Mr Neil Macleod and Mr Ednick Msweli respectively in August 2014.

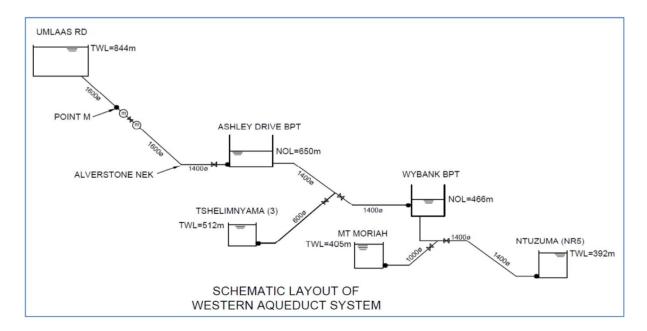
2014/2015 KEY PRIORITY PROJECTS

WESTERN AQUEDUCT

The steady increase in water demand in the western and northern areas of eThekwini resulted in the need to augment the capacity of the existing bulk water supply systems, supplying those areas. The solution adopted by eThekwini Water & Sanitation (EWS) necessitated the construction of a new gravity trunk main from Umlaas Road, through the western areas of eThekwini, and terminating in various service reservoirs. This pipeline infrastructure is known as the Western Aqueduct. The Western Aqueduct forms an integral part of the planned uMkhomasi Transfer Scheme as it is designed to receive water from this scheme in 2023.

The Western Aqueduct project is a large diameter bulk potable water pipeline that connects eThekwini's Western and Northern supply areas to Umgeni Water's inland bulk supply system from Midmar Water Treatment Works.

Phase 1 of the Western Aqueduct is 11 kilometres long and runs from Cato Ridge to Inchanga Station. This pipeline is a DN1600 continuously welded steel pipeline varying in thickness from 10mm to 13.5mm. This contract also included a new 8 kilometre long DN1400 pipeline from Umlaas Road Reservoir to Cato Ridge for which the Client was Umgeni Water. Construction started in 2008 and was completed in 2010.



Phase 2 of the project starts at Inchanga Station and runs through eThekwini's Outer West supply region, ending at Ntuzuma. This continuously welded steel pipeline starts as a DN1600 at Inchanga with its diameter decreasing to DN1400 and finally DN1000 when it reaches Ntuzuma. The trunk main wall thickness varies from 10mm to 13.5mm.

Under the Phase 2 contract, two branch pipelines will be constructed to Tshelimnyama and Mount Moriah. The diameters of these pipelines are respectively DN600/500 and DN1000.

As a result of the declining ground profile, the pipeline pressure increases along its length in the direction of flow. To deal with the excess pressure in the pipelines, two break pressure tanks (BPT) were required. BPT1 with a size of 20 megalitres will be constructed at Ashley Drive in Hillcrest. BPT2 with a size of 10 megalitres will be constructed in Wyebank.

EWS has split Phase 2 of the Project into seven construction contracts. The details of these contracts are summarised in the table below.

Contract:	Description:	Stage
-	DN1600 pipeline from Cato Ridge to Inchanga (Phase 1)	Completed
1	DN1600 pipeline from Inchanga to Alverstone Nek Reservoir	Completed
2	DN1400 pipeline from Alverstone Nek to Ashley Drive	Completed
3	DN1400 pipeline from Ashley Drive to Ntuzuma	Construction stage
4	20 MI Break Pressure Tank at Ashley Drive	Completed
5	DN600/500 pipeline from Kloof to Tshelimnyama	Construction stage
6	10 MI Break Pressure Tank at Wyebank	Tender/Award stage
7	DN1000 pipeline from Wyebank to Mount Moriah	To be advised

Project Costs

The following table details the estimated cost breakdown for both Phase 1 and Phase 2 of the Project.

Contract:	Description:	Rands
-	DN1600 pipeline from Cato Ridge to Inchanga (Phase 1)	189 981 422.00
1	DN1600 pipeline from Inchanga to Alverstone Nek Reservoir	196 065 877.00
2	DN1400 pipeline from Alverstone Nek to Ashley Drive	195 419 942.00
3	DN1400 pipeline from Ashley Drive to Ntuzuma	631 517 937.00
4	20 Ml Break Pressure Tank at Ashley Drive	63 562 000.00
5	DN600/500 pipeline from Kloof to Tshelimnyama	111 139 891.00
6	10 Ml Break Pressure Tank at Wyebank	91 077 513.00
7	DN1000 pipeline from Wyebank to Mount Moriah	154 156 526.00
	Sub Total – Phase 2	1 442 939 686.00
	ESTIMATED PROJECT TOTAL	1 632 921 108.00

PHOENIX WASTEWATER TREATMENT WORKS CAPACITY INCREASE and ELECTRO-MECHANICAL UPGRADE

The Phoenix Wastewater Treatment Works is currently having its capacity increased from 25Ml/d to 50Ml/d. At the same time a major electro-mechanical upgrade is being installed. This work is necessary owing to the rapid and extensive development happening in the served catchment. This catchment includes Cornubia, Waterloo, Phoenix, and Ottawa and portions of Umhlanga Rocks. The biggest challenge in this project is building a duplicate of the existing works and tying the new work into the existing whilst the existing works is still operating.

Apart from increasing the treatment capacity of the works its sludge handling capacity will be greatly increased as will the collection of methane gas, which will be used to heat the sludge to provide better digestion or to generate electricity to use on the works.

The entire project will cost R270 million and should be complete around July 2016.

NEW POINT ROAD WASTEWATER PUMP STATION

The Point Road pump station was the largest wastewater pump station in eThekwini and required either major structural, mechanical and electrical upgrades to extend its useful life or to be reconstructed at a better location. Odors were a problem as this pump station which was situated in the prime area of the Point Development. The decision was made to construct a new pump station adjacent to the southern entrance structure to the harbor entrance sub-aqueous tunnel.

The new pump station is largely sited underground and is fully contained with respect to odor control and screenings handling. A micro-tunnel was installed to extend the existing trunk sewer from the old pump station to the new. The new pump station services the Point area development, the CBD and as far north as Sea Cow Lake. In addition the lack of odors will enhance the Point development as a sought after area for residential and other developments.

Total cost of this project was R140 million and was completed during the 2014/15 financial year.

CHALLENGES & MITIGATIONS

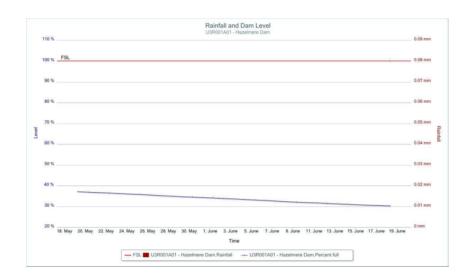
WATER RESTRICTION

As a result of the below average annual rainfall during the 2014/2015 season, the dam levels, particularly those at Hazelmere dam, have dwindled to alarmingly low levels. The annual average rainfall in this area is approximately 1100 mm but only approximately 350 mm has been received.

Hazelmere Dam is located on the Umdloti River. It is situated along the outskirts of Verulam, lying between the Canelands and the Ndwedwe areas of eThekweni. The Dam is currently under the control of Umgeni Water. Water is abstracted into the Hazelmere Water Purification Works. It is then pumped to supply reservoirs within eThekweni, Ballito and Ilembe areas. The catchment area for Hazelmere Dam is the upper Greytown area. Similar drought conditions were experienced in 1983 where the dry conditions prevailed for months.

From the graph below, it can be seen:-

- 1) The Hazelmere Dam level is 30% (as at 15 June 2015) and is decreasing at a constant rate of 1% every 4 days.
- 2) The recovery of the dam levels following the recent rains is nonexistent.
- 3) It must be noted that the last 15% of the dam storage is deemed unusable for potable water treatment, leaving a mere 15% available for consumption.
- 4) From these statistics and based on the current demand, the dam will go empty by mid August 2015 unless mitigating action is taken.
- 5) Factors not considered in this estimation are higher than normal temperatures in November, December, January and February months. Also the increased consumption during the December school holidays. Historically, a marked increase in demand has been noted over the December periods where the coastal holiday destinations are filled to capacity.



Proactive involvement of the Water Network Department – Northern Region has reduced the eThekwini demand from the Hazelmere Dam System from 24 mega litres per day to just 12-13 mega litres per day, an approximately 50% reduction.

Hazelmere WW produces an average of 45 mega litres per day. Approximately 13 mega litres of that now supply eThekweni areas. With the recent imposition of LEVEL 3 Restrictions on the Water Service Authorities (WSA) due to the weakening situation, it is now the duty of each WSA to reduce their consumption by 50% with effect from 18 June 2015. The following interventions have been implemented:-

By Water Operations Department

- a) Water supply to various areas was interrupted for predetermined durations during the day or night to reduce the demand on the Dam.
- b) Intelligent water pressure management has been introduced to reduce water loss and reduce the frequency of bursts and leaks on the reticulation system. The various reservoirs supplied from Hazelmere system have been targeted first. The Tongaat system will be targeted next.
- c) Alternate water supplies have been initiated, such as the operation of Umdloti WW to 24hrs/day and the reversal of supply from Mount View Reservoir to Grange Reservoir. This has put additional pressure on the Durban Heights supply, but has helped by shifting 10-12 mega litres per day off the Hazelmere Dam system.
- d) Inspection of the trunk mains is being done more frequently so that the effects of ongoing vandalism and water loss is contained early.
- e) Dedicated plumbing teams are on standby to expedite repairs as soon as possible. Additional staff have been made available to assist.
- f) The alternate supply from the new Northern Aqueduct has been fast-tracked to supply Waterloo Reservoir by October 2015. Work has already commenced with the re-configuring of the inlet and outlets of Waterloo reservoir.

Communications Department

- a) EWS conducts regular broadcasts in the media to convey the message to residents to conserve water and voluntarily reduce the demand by 30%.
- b) Updates consumers of the current state of affairs and further interventions.
- c) Escalates the prevailing challenge to Senior Municipal Officials to gain their support and attention. Customer Services Department
- a) Send out notices together with the monthly billing/accounts to the affected areas.
- b) Erects signage at the entrance/exits of affected areas to ensure that all residents and guests are adequately informed.
- c) Informs industries and large consumers of the intervention and ensure that a reduction is achieved within the affected areas.
- d) Engages with the local Ward Councillors and assists in community meetings and public announcements.
- e) Addresses metering and abuse issues with Housing Projects and informal areas within the affected areas.

The Consumers

Requested to :-

- a) Avoid washing of cars
- b) Avoid filling of pools
- c) Avoid filling of bathtubs, rather use a shower instead.
- d) Avoid watering of gardens with a hose pipe. Rather use a watering-can if necessary. Collect rainwater for that use.
- e) Avoid washing of paving and roofs.
- f) Report leaks and bursts to 080 13 13 013 or eservices@durban.gov.za as soon as possible.
- g) Reduce the unnecessary flushing of toilets or insert a filled bottle into the toilet cistern to reduce the quantity of water being flushed each time.
- h) Report the theft and vandalism of water infrastructure and take ownership of the water supply and abuse in their area.

Operational Interventions - Medium To Long Term

EWS Planning Department

Investigate alternatives to increase the supply into the Hazelmere system.

There is a need for a larger solution such as the building of dams, desalination or recycling.

EWS Design Department

- a) Investigate the possibility of fast-tracking the Northern Aqueduct from Duffs Road to Phoenix 2 and Waterloo reservoir.
- b) Engage with Umgeni Water to review the possibility of diverting water back into the Balancing tank at Hazelmere WW to allow pumping to La Mercy and Westbrook Reservoir.
- c) Consider upsizing the trunk main from Phoenix 2 reservoir to Mount View. Reservoir to increase supply into Grange reservoir and Verulam.
- d) Consider upsizing the trunk mains from Mount View reservoir to Grange Reservoir, which is an aged 350D AC pipe.

Financial Implication In Lieu Of Interventions

An urgent drought relief plan was submitted to the Department of Water & Sanitation (DWS) in March 2015 which amounted to R11 Million for fast-tracking of certain bulk supply water projects.

ILLEGAL CONNECTIONS AND VANDALISM

The percentage of water loss has not decreased as expected. Part of this is the increasing number of



illegal connections and vandalism. Poorly plumbed housing developments have also contributed to water loss.

Best Municipality – water service Figure XX: Water pouring from a water pipe that broke as a result of metal brackets having been removed.

SUCCESSES & AWARDS RECEIVED

Stockholm Water Industry Award provision

Additional funding has been promised to address the infrastructure problems.

Two new Deputy Heads have joined the Unit and two others have been appointed from within.

PERFORMANCE TREND (Tables & Graphs) ANALYSIS FOR THE PAST THREE YEARS INCLUDING 2014/2015

Non-revenue Water

There has been a slight increase in the billed consumption volume and the Leak Detection programmes has resulted in the repair of numerous leaks. The NR7 reservoir zone has been stabilised, resulting in a move towards full supply within 12 months. The night flows in one of the KwaMashu Reservoir zones has been reduced, achieving a final saving of 2.4 ML/day.

Year	NRW Volume (kL/day)	NRW by Volume %
2012/2013	325,024	36.90%
2013/2014	358,777	39.20%
2014/2015	335,057	36.2%

The total input to the water system is 926,683 kL/day. The loss is a reflection of the problems being experienced, including vandalism and water theft.

One of the major cases of vandalism experienced was where the brackets supporting the water pipeline under a bridge in Reservoir Hills were stolen and the pipe broke as it fell. A similar event took place in Amanzimtoti. In both instances the value of the metal brackets stolen was infinitesimal in comparison with the costs of water lost, tankers required to provide water to the surrounding residents and reinstatement of the pipe. In both cases, no culprits have been identified.

Water Service delivery levels

	Households	Households	Households
Description	2012/2013	2013/2014	2014/2015
Description	Actual No	Actual No	Actual No
Water: (above min level)			
Piped water inside dwelling			
(standard water connection)	613,548	613,548	613,548

	Households	Households	Households
Description	2012/2013	2013/2014	2014/2015
Description	Actual No	Actual No	Actual No
Piped water inside yard (but not in dwelling) supplied	45,909	47,473	48,902
Using public tap (within 200m from dwelling) supplied	214,957	215,932	215,932
Other water supply (within 200m)			
Minimum service Level and Above sub-total	874,414	876,953	878,382
Minimum service Level and Above Percentage	92.44%	92.71%	92.86%

There has been a marked increase in the supply of water from a public tap as a result of the introduction of Containerised Ablution Blocks. These facilities offer sanitation and personal washing facilities within a controlled environment as well as having outside laundry facilities.

Households - Water Service Delivery Levels below the minimum	Households	Households	Households
Description	Actual No	Actual No	Actual No
Formal Settlements	519,435	519,435	519,435
Informal Settlements / Backyard Shacks/Rural	426,475	426,475	426,475
Total Households	945,910	945,910	945,910
Households below minimum service level	71,496	68,957	67528
Proportion of Informal households below minimum service level	16.76%	19.62%	2.38%

The above table relies on household numbers from the 2007 aerial photography.

		T	T	T	<u> </u>		
Objectives			2012/2013	2013/2014	2014/2015		
Indicators	Outline Service Targets		Actual	Actual	Actual		
Service Objectives (2009/2010) Actual now records delivery, which for the first time is based on the revised count of consumer units (totaling 912,458 CUs) as conducted on the 2007 photography and now to be adopted by all service units as the total eThekwini Customer Base							
Backlog	The backlog of the number of consumer units provided with access to a free basic level of potable water either by means of an individual Household yard supply (ground tank or metered flow limiter connected to a yard tap) or, for informal settlements, by a standpipe within 200m)		71,496	68,957	32,803		
Delivery of free basic water	The number of consumer units provided with access to free basic level of potable water either by means of an individual Household yard supply (ground tank or metered flow limiter connected to a yard tap) or, for informal settlements, by a standpipe within 200m)		348,997	351,536	387,690		
Free Services	The total number of consumer units with a metered full or semi-pressure water supply receiving free potable water (i.e. consumer units using 9 kL or less of potable water per month)		168,277	168,277	168,277		

Wastewater Service delivery levels

Objectives			2012/2013	2013/2014	2014/2015
Indicators	Outline Service Targets		Actual	Actual	Actual
revised cour	ectives (2009/2010) Actual now rent of consumer units (totaling 912 dopted by all service units as the	2,458 CUs) as co	onducted on th	ne 2007 photog	
Delivery of free basic sanitation	The number of consumer units provided with access to free basic level of sanitation either by means of a UD toilet, an existing VIP or, for informal settlements, by a toilet/ablution block within 200m.		170,476	171,453	229,496
Backlog	The backlog of the number of consumer units provided with access to a FREE basic level of sanitation either by means of a UD toilet, an existing VIP or, for informal settlements, by a toilet/ablution block within 200m.		218,248	182,271	159,228
Free Services	The total number of consumer units with access to a municipal sewage disposal system receiving free sanitation (that is, consumer units with a metered, full or semi-pressure water supply using 9 kL or less of potable water per month		149,776	149,776	149,776

Table 3.3.1 Sanitation Service Delivery Levels							
Description (2010/2011 2011/2012		2012/2013	2013/2014	2014/2015		
Description	Actual No	Actual No	Actual No	Actual No			
Sanitation/sewerage: (above minimum level)							
Flush toilet (connected to sewerage)	498,341	449661	449,661	449,661	449,661		
Flush toilet (with septic tank or package plant)	37,288	107525	107,525	107,525	107,525		
Urine Diversion (UD)	89,307	79049	80,083	81,335	82,261		
Pit toilet (ventilated)	40,000	35000	35,000	35,000	35,000		
Other toilet provisions (above minimum service level) (ablution blocks)	34,681	48118	55,393	90,118	112 235		
Total households above minimum level	702,611	719353	727,662	763,639	786 682		
Sanitation Backlog	209,847	226557	218,248	182,271	159,228		
*Total number of households including informal settlements	912,458	945910	945,910	945,910	945,910		
Percentage below minimum level	24%	23.95%	23.07%	19.27%	16.83%		
Percentage above minimum level	76%	76.05%	76.92%	80.73%	83.17%		

3.3. ELECTRICITY PROVISION

The Electricity Unit's mission is to provide electricity, public lighting and other energy services that satisfy our customers and community whilst maintaining sound business principles.

The Unit supplies electricity to over 730 000 customers in a 2 000 km² area. Electricity is purchased from Eskom at 275 kV which is then transformed down, transmitted and distributed to large industrial, commercial and residential sectors. The network is designed in a robust manner to provide reliability and minimal downtime in the event of faults.

The operating budget of the Unit exceeded R 11,4 billion, of which approximately 61 % was spent on electricity purchases from Eskom. R 821 million was spent on capital replacement and expansion projects to ensure that the network is expanded and reinforced to take electricity to where it's needed, reliably.

EThekwini Electricity purchases just over 11 000 GWh of electricity generated by Eskom, which translates to approximately 5% of Eskom's total generation.

The ethos adopted by the Unit promotes economic sustainability by ensuring nationally competitive pricing, subsidies to the poor and reliability of supply. The electrical network has been progressively upgraded to cater for growth and new connections. This includes the electrification of burgeoning informal settlements within the City.

The Unit employs 2 255 staff in supporting the City's vision.

2014/2015 KEY PRIORITY PROJECTS

- 1) Electrification of Informal settlements: The unit has connected 13 342 informal dwellings over the year. A total of 321 settlements are still to be electrified in coming years.
- 2) Smart Grid: The Unit has made significant progress in converting the electrical grid into a technologically advanced one by implementing a fibre optic and wireless communication back-bone that will extend to all its Major and Distributor substations together with intelligent control devices. An advanced wireless Technical Distribution Area Network (TDAN) has been implemented in the New Germany supply area that will integrate with the existing Technical Communication System to provide reliable, mission-critical wireless communications.

The ultimate intention is to expand this network to reach all 12 000 mini-substations. The advanced communication network will facilitate the remote operation of the grid, which will unlock huge possibilities for reliability and an enhanced customer experience.

3) Capital Infrastructure: Work on the 132 kV KE Masinga substation is in progress and is expected to come on line in 2017. This will add an additional 60 MVA of supply capacity to feed into the City Centre and surrounding areas.

Four 275/132 kV transformers at eThekwini's first in-feed point, the Klaarwater Major Substation, is being upgraded and replaced. Dated 132 kV yard equipment and protection systems are also being replaced. The total cost of this project is estimated at R 120 million and is due for completion in the 2015/16 financial year.

4) Embedded Generation: The Unit has encouraged the take-up of embedded generation by local businesses to mitigate against the national electricity supply constraints. To date, there are five local generators supplying approximately 10 MW into the local grid. Residential roof-top, photovoltaic generation is gaining momentum, however, for the progress is impeded by the absence of a

regulatory framework. EThekwini Electricity has developed a local tariff and is awaiting approval by the National Energy Regulator of South Africa.

CHALLENGES & MITIGATIONS

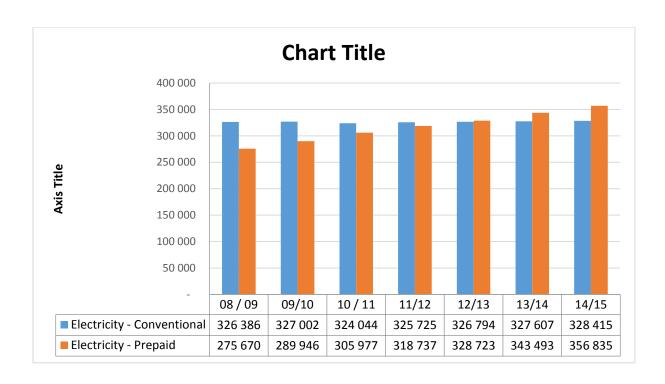
Theft of Infrastructure and Electricity: This continues to be a major challenge. Huge efforts are expended in curbing theft, however, the trend is exacerbated by high electricity prices and a weakened economy. There were 12 reported fatalities involving illegal electrical connections. Infrastructure theft often causes damage to consumer appliances and extended outages, and results in huge costs for the Unit.

To mitigate this trend, regular sweeps, disconnections and removal of tampered installations are carried out. Furthermore, the electrification of informal settlements is expected to have a positive impact on the number of theft incidents of electrical cables.

- 2) Load-shedding: Eskom has again called for regular load-shedding owing to plant maintenance, above average unplanned equipment failure and delayed new generation capacity. This has had a disastrous effect on the local economy. The Unit responded by introducing a load-shedding schedule that offers a level of protection to the commercial and industrial sectors, resulting in the residential sector experiencing more load-shedding events.
- 3) Reduction in Sales: The Residential and Business sectors have shown a year on year reduction in purchases. This can be attributed to the uptake of energy efficiency and alternative energy technologies, the weakened economy, high electricity costs and load-shedding. This trend is a national one.
- 4) Skills Shortages: Skills retention and recruitment continue to be a challenge owing to a limited pool of qualified and experienced technical personnel. The Training Center has rigorous training programmes to up-skill newly qualified technical personnel.

PERFORMANCE TREND (Tables & Graphs) ANALYSIS FOR THE PAST THREE YEARS INCLUDING 2014/2015

	Total Use of					
	Business	Street Lighting	Industrial	Residential Credit	Residential Prepaid	Electricity losses
2012/2013	2 367 758	95 297	4 781 979	2 680 118	819 810	5,85%
2013/2014	2 263 456	112 539	4 688 943	2 644 042	840 892	6,11%
2014/2015	2 042 812	118 166	4 641 845	2 505 800	878 207	7,70%



Electricity Key Performance Indicators	Baseline 12/13	Annual Target 14/15	5 Year Target	Means of verification	Measures taken to improve performance	Status as at 30 June 2015
The backlog of ELECTRICITY connections to consumer units (includes housing backlog and un-served rural consumer units)	290 393	262 393	276 448	Actual Households connected captured in Ellipse	Housing delivery dependent	260 660
The number of consumer units provided with new prepaid ELECTRICITY connections captured, including housing and rural consumer units	9 986	15 000	40 000	Actual connection s recorded in Ellipse	Housing delivery dependent	13 342
The number of consumer units provided with new conventional ELECTRICITY connections	1 069	750	5 000	Actual connection s captured in Ellipse	Housing delivery dependent	808

Households								
	2012/2013	2013/2014	2014/2015					
Description	Actual	Actual	Actual					
	No.	No.	No.					
Total households	945 910	945 910	945 910					
Households not receiving Electricity	292 570	274 787	260 660					
Proportion of households without	30.9%	29.1%	27.6%					
electricity								

Electricity Service Delivery Levels						
Households						
	2012/2013	2013/2014	2014/2015			
Description	No.	No.	No.			
	Actual	Actual	Actual			
Total number of households that have electricity	653 340	671 123	685 250			

FUTURE FOCUS - 2015/16

- 1. Electrification of 30 000 dwellings (including informal)
- 2. Electrical Losses Target 6%
- 3. Maintenance of network to reduce backlogs
- 4. Planning for the expansion of HV Network, especially for growth in the North

3.4. WASTE MANAGEMENT

DSW had another eventful year encompassing both achievements and challenges. One of the highlights was the construction of the Electron Road Transfer Station which has been completed and was officially commission in 2014. In addition, DSW won numerous awards two of which are the PMR Golden Arrow Award, KZN Premier Award for the Best Public Service Implemented Programme /Project of the year.

The short term objectives for the year have been achieved and the Unit is well placed to achieve it's long term objectives. DSW is once again proud to report betterment against budget of R32.5 m for the year under review. This was achieved through stringent cost control, delays in appointing new contractors for the Hostels and new areas and higher income generated. Strong competition from private enterprise continues to challenge DSW's market share in the waste industry. Despite these challenges the Department exceeded its budgeted income target by R10.0m benefiting significantly from trade and bulk revenue. All current backlogs were cleared and 100% service delivery was achieved by the Unit.

MAJOR DEVELOPMENTS:

SERVICE DELIVERY:

A once a week refuse removal service is provided to 945 910 households, 346 049 being formal households and 599 861 informal. All backlogs were cleared based on the current analysis to previously non serviced areas. New dwellings/informal settlements are continually identified and creates a moving target which will be addressed on an annual basis. All major streets are cleaned on a daily basis with the CBD area being swept 3 x day. High pressure washing of streets and pavements takes place at night, particularly in all hot spots areas within the city. Freeways and national roads within EMA are cleaned with Mechanical Sweepers on a planned schedule. DSW has engaged 366 Community Based Contractors and 33 Major contractors to provide domestic refuse collection and litter picking in their contracted areas. The annual total spend on the Township Contractors amounts to R210, 6million generating employment for 2121 people within the community.

Households							
	2014/2015						
Description	2012/2013	2013/2014	2014/2015				
	Actual No	Actual No	Actual No				
Solid Waste Removal: (Minimum level)							
Removed at least once a week	945 910	945 910	945 910				
Solid Waste Removal: (Below minimum level)							
No rubbish disposal	Nil	Nil	Nil				
Total number of households	945 910	945 910	945 910				
Breakdown:							
Formal Settlements - households	524 582	524 581	346 049				
Informal Settlements -households	421 328	421329	599 861				

figures are based on the new audited scorecard outcome.

MAJOR CAPITAL PROJECTS

LOVU LANDFILL SITE

LOVU LANDFILL SITE: CONSTRUCTION OF CELL 2 & ANCILLARY WORKS

The first phase of the Lovu Landfill comprising of basic site infrastructure and cell one was practically completed in late 2013 and was thereafter commissioned and officially opened to service delivery in July 2014. The purpose of this project is to extend this southern regional landfill site by constructing further lined area to allow for anticipated waste diversion due to the imminent closure of the Bisasar Road Landfill which is scheduled to reach airspace capacity early 2015. The project will also improve and extend the existing infrastructure by providing a workshop and washbay as well as a re-alignment of the gravel access road to improve access for the heavily loaded waste transport trucks and seen to be a safety requirement to all patrons servicing the landfill site.

The project involves bulk earthworks to prepare the ground surface for the cell and a second leachate pond. Construction is underway some 40% and comprises the liner layers including a synthetic layer (geosynthetic clay liner and geomembrane), leachate drains and stormwater drainage. Construction of the access road requires a gravel wearing course. The workshop is a minor steel structure with a concrete floor, and the plant washbay is a heavy duty concrete structure.

The works shall allow for additional airspace to approximately 2018 and the leachate pond addition will ensure an enhancement to the sites leachate and stormwater management systems.

LOVU LANDFILL SITE: CONSTRUCTION OF A LEACHATE TREATMENT PLANT

The purpose of this project is to deal with the leachate effluent (typical toxic waste water emanating as a by-product or liquid emission from the biological degradation of waste) produced by this southern regional landfill site in a responsible way by constructing a leachate treatment plant (LTP). This also anticipates the additional volumes of leachate potentially created by the imminent closure of the Bisasar Road Landfill which is scheduled to reach airspace capacity early 2015 and result in waste diversion to the Lovu Landfill Site. The project will also reduce the load on the Southern Waste water sewage treatment works where the leachate is currently being disposed of under a limited permit valid for only two years as directed by eThekwini Pollution Services. The project is recognised as a best practice robust treatment solution which will result in "economic and environmental saving" as opposed to the current management option.

The project involves some earthworks to create platforms for the construction of the reinforced concrete water retaining tanks for the leachate treatment and the control building. A specialist subcontractor will provide the process design and the mechanical and electrical equipment for the biological treatment process. After this process, the treated leachate will be further improved through tertiary polishing in a HDPE lined reedbed. The finally treated leachate will be used for dust suppression on the site access roads and or irrigated onto vegetation within the landfill area, all in terms of permission from the national Department of Water Affairs.



RECYCLING:

With the new Waste Act and emphasis on targets for waste disposal, DSW is committed to encouraging eco-friendly practices and promoting recycling and waste diversion. Coupled with educational programmes for the public, DSW initiated a number of recycling and waste minimisation initiatives to help conserve resources and safe guard the future of the city. These include Buy Back centres, Drop off centres, Business and Domestic recycling. A major success is the Domestic Orange Bag Project that is now provided to all formal households within the eThekwini region and is currently generating in excess of 1100 tons per year. The project has resulted in a reduction of the amount of waste to landfill and has also provided employment for 100 people and empowerment opportunities for 6 SMME's. The inclusion of bottles and cans have been an extension to the Recycling Programme. DSW have partnered with The Glass Recycling Company. The Domestic Recycling Project will be introduced in Umlazi in the latter of 2015 in phases.

In total DSW have 22 recycling centres that are strategically located allowing easy access to the public. Approximately 8.1 % of all waste is being recycled. The three major achievements were the opening of the KwaMashu Buy — Back Centre, the establishment of the Hammarsdale Ecological Centre and the Launch of the 3rd Edition Family Edu- Self Booklet and the two state of the art Mobile Education Centres. The Education Mobile Centre is now equipped to accommodate the disabled, with a hydraulic lift into the Centre. In addition, it has a platform and sound system with a 42 inch TV screen for road shows and blitz clean-up campaigns. The bus also has an exhibition to showcase recycled items to the visitors of the truck.



SOUTH AFRICA: DURBAN LANDFILL GAS-TO-ELECTRICITY PROJECT

PROTOTYPE CARBON FUND

The Durban Municipal Solid Waste Project is a gas collection system at the Mariannhill landfill in Durban. The project uses some of the recovered gas to generate renewable energy; this is, in turn, fed to the municipal grid to replace electricity based on fossil fuels. The World Bank Group's Prototype Carbon Fund will purchase approximately 337,000 carbon credits from the project. As of April 2015, the project has issued about 181,000 carbon credits. The project is providing the municipality with about 3MW of electricity. The Mariannhill landfill now serves as an important natural corridor for migratory species and is contributing to preserving an indigenous ecosystem and minimizing biodiversity loss in the area. In addition, nearly 2,000 people have been educated in the landfill's conservation and waste management principles.

The project has improved the air by reducing the amount of landfill gas released into the atmosphere at the landfill and by displacing electricity from the grid and reducing the negative effects of coal transport and coal mining (e.g., dust and acid mine drainage). It also lessens the risk of dangerous methane gas concentrations and reduces nearby residents' exposure to the odor.





HIGHLIGHTS & ACHIEVEMENTS

In September 2014 and May 2015 DSW held its Solid Waste Master Class at the Moses Mabhida Stadium. The Class accommodated 80 delegates from various municipalities in KZN and internationally. The training focused on all aspects of waste management involving management of landfills, operations, consulting with customers, education, waste minimization, administration and site tours.

On the 8th October 2014 DSW won the PMR Golden Arrow Award. PMR Golden Arrow Awards is a trademark of business excellence that is regarded as a milestone in hundreds of corporate boardrooms and government offices across Southern Africa. In the biggest survey conducted to date, 6243 ratings/nominations across these categories were sourced from MDs, CEOs and other senior management at KZN-based companies and directors/deputy directors of provincial and local government departments. In the results of the research DSW scored the highest with 3.92 out of a maximum of 5. DSW is proud to be recognized as a leader in its field and will continue to contribute to enhance the provinces economic growth and development in KwaZulu- Natal within the waste management category.

During the year under review our education programme made great strides with 166 broadcast being made. We have scheduled slots on Radio Hindvani and Radio Al Ansaar, Channel Islam and regular interviews on Vibe FM and Inanda FM. There are many ad hoc interviews on other community radio stations in KZN. The free coverage received Hindvani equates to approximately R1.8m. The value of each broadcast is approximately R1500 per minute equating to R22500 per session.

In August 2014, DSW was nominated in 6 categories for the City Stars namely Heroes, Best Leader, Most Innovative Idea, Community Outreach, Best Team and Woman Achiever. The Heroes category was won by Team Mtshebe from the Wyebank Garden Refuse Site.

In August 2014, DSW Engineering team won the CESA A on Excellence Awards for the commendation for projects with value of between R50M and R250M for the Electron Road Waste Management facility.

The KZN Premier Service Excellence Awards was awarded to DSW Engineering team for the Best Public Service Implemented programme of project of the year for Buffelsdraai Landfill Footprint and Bufferzone project.

In October 2014, the SA Institution of Civil Engineering awarded Electron Road Waste Management Facility the SAICE- Sika 2014 award for environmental engineering.

SPECIAL EVENTS:

Managing Special Events within the municipality has taken on new proportions with a massive increase in the number of events/conventions staged within eThekwini area forcing the unit to increase its capacity to successfully manage these events. Some of the major events were:

CBD's Clean and Maintain my City Campaign: The eThekwini Municipal Mayor, the Honorable James Nxumalo, initiated a comprehensive programme aimed at the rehabilitation of the city and also ensuring co-operation between its units. This is in line with the city's 2030 vision and thus introduced the concept of the Clean and Maintain my City Campaign. The programme was launched in March 2014. The main area of focus was the CBD which was sub-divided into six zones which were designated Zone 1 to Zone 6. Planning meetings are held every Monday by principals and feedback on activities/ projects done is reported. Directives of zones to be covered are discussed in these meetings. All the council officials gather every Wednesday and Thursday for discussions and go on site to work collectively. Every Friday units submit reports on the activities/ projects done. By working as a team, all the units have made a huge impact on the city's image as now there are zones

that are cleaner than before the programme started. DSW Education has had a series of awareness programmes ranging from doing presentations to the informal traders encouraging them to cooperate with us in ensuring that 'Our city belongs to us all.' Businesses that have been visited have been educated and encouraged to practice a good waste management ethos. Site visits to these businesses was very effective as some businesses did not know that it was unlawful to put their waste in bins meant for the public. Other tenants did not know that the place they are renting had bins as they were disposing their waste on the streets.

National Clean Up Month

WE BELONG Campaign- National Clean Up month theme

National Clean Up month, celebrated in September, is about enabling communities to take ownership and responsibility for their community and environment. The 2014 theme highlighted the role and internal and collective responsibility that municipal employees have towards keeping the environment clean. The role of the General Assistant was highlighted in the campaign called "we belong" with the acknowledgement that each person belongs to the environment of Ethekwini and share a collective responsibility in maintaining a cleanliness ethic. Each Municipal official received a blue ribbon, for use during September and gives due credit for municipal employees role in the vision of achieving a clean and maintained city. A special poem was created to deliver the message, together with posters and presentations, at ten(10) Depot and Heritage Day celebration events. Approximately 800 employees received their Blue ribbon during September.







The Awards Ceremony is a prestigious trademark of sustainable environmental achievements which takes place across eThekwini. The award recognises stakeholders for their continued support and contribution towards a healthy environment.

Businesses, individuals, community organisations and Educational Institutions, Adopt a spots were recognised and awarded for their excellent work. In addition to this ABI was awarded a trophy for their unsurpassed support over the years





TRAINING:

DSW offers various training programmes to government departments both locally and internationally. The training focuses on all aspects of waste management involving management of landfills, operations, consulting with customers, education and waste minimisation and administration. DSW together with The eThekwini Municipality's Municipal Institute of Learning (MILE) partnered to host a three day training Master Class on Solid Waste Management. The department hosted over 80 delegates. Training was provided to both international and national delegates and various municipalities such as Ugu Port Shepstone Municipality etc.





The Wellness programme has gained momentum rapidly with various initiatives that have taken place during the year, for all staff. The wellness programme allowed for free Voluntary HIV & Aids testing and Counseling, BP & Sugar Testing, Eye testing. In addition to the wellness days DSW held successful Batho Pele Functions in all regions.

EDUCATIONAL PROGRAMMES

Some of the major highlights on the Education & Waste Minimisation sector include:

Reading Promotion Competition: Reading Promotion Competition is an Environmental Empowerment programme for eThekwini Primary schools; it was initiated by Durban Solid Waste Education Team together with South Libraries through merging their programmes. Its ultimate goal is to create awareness and educate learners on environmental issues and to produce creative, environmental friendly and a reading nation. This year the competition was extended to all regions within the Municipality whereby 4 held their regional competitions and the finals were held at the Botanic Gardens on 3 June 2014. To accommodate the diversity of learners in terms of their

capabilities, the competition has six categories i.e. a Choral verse, Storytelling, Poetry, Drama, Isicathamiya and Art work. Focusing on the Theme of Waste Management and Minimization, but this year it included 'Clean and Maintain my City' campaign. A new concept was derived: 'It "Starts with Me, Clean and Maintain my School, my Area and my City".





Landfill site Tours and Training sessions: Training with internal staff and external public at large takes the form of workshops. This takes place during the course of the year on a bi-annual and needs basis such that the department's biggest waste awareness asset is utilized optimally and staff are trained to in turn the public. The public at large and school groups usually undertake a three(3) hour landfill site tour such that the information about landfill sites are discussed and learnt and most importantly, how to minimize waste going to landfill sites. An average of twenty four (24) tours with over a thousand (1000) visitors takes place annually. During this term, we also had the privilege of a visit from a Bishop of the Methodist churches of Southern Africa, and the site and the lessons learnt from the site visit were outlined in a monthly newsletter.

Mandela Day Housing Project: Every year in July the unit involves itself in a community project as a community outreach initiative, this year was no different. As a Mandela day initiative to celebrate Nelson Mandela's legacy we identified an impoverished 104 year old woman whose house was seriously dilapidated. This posed a health hazard to the family. The family, residing at Ntuzuma did not have water and electricity; we therefore undertook a project to get assistance to build a house for her and family. Through hard work and sponsorships we managed to build her a 4 roomed fully tiled and fully furnished house.





Schools Beautification Programme 30 October 2014: During the year DSW Education Officers visited schools educating them about the environment and the benefits of recycling and keeping their areas clean. The schools thereafter monitored and judged on how much they have learned and put into practice. The schools that participated in the programme were awarded for their efforts towards keeping their environment clean and practicing recycling and disposing of their waste correctly.

Women in Environment: In the bid to appreciate and commend the good work done by the women community volunteers, DSW Education hosted the The Women in Environment competition held on 25 August. This event is held to recognize and honor community volunteers, specifically women who are active partakers of waste management strategies in their communities and strive for the environmental well-being of their surroundings. In this regard we motivate them to continue with the good work. Seventeen Women from around eThekwini Municipality were nominated and recognized on this event which was held at the Botanic Gardens.





Strategic & New Development Statistics

2012/2013 to 2014/2015

	2012/2013	2013/2014	2014/2015
Numbers of Trade Customers	15 549	15 419	15 293
Numbers of Industrial	936	882	962
customers			
Number of landfill Customers	17131	20522	19303
Number of garden Customers	4917	4753	4 671
Number of Blue Bags sold	143649	143649	134 989
Number of Orange Bags distributed	997020	997020	50 000 bales (750 000 bags)
Total Value of income	R232m	R247.2m	R275.9m
Number of Community Based	405	405	366
Contractors	403	403	500
Number of Major Contractors	23	23	33
Number of Staff employed	2018	2018	2121
Total Value of Contracts	R172.4m	R172.4m	R 2 106 32866.70
Number of Formal households	524582	524582	945910
serviced			
Number of informal households	421328	421328	599861
serviced			
Number of External Training(1	2	2
MILE Program -Solid Waste			
Master Class)			
Number and nature of awards	2	2	6
received			
Number of staff attended WSP	838	869	432
Training			
Number of Staff Awarded	58	47	21
Assisted education training			
Total Cost of Staff Training	R167550	R710492.48	R44 947
Total % of Recycled waste	7.9%	7.6%	8.1%
Number of education	121420	123470	1504
programmes			
Total volumes of waste landfilled	1466037 tons	1429686 tons	133 4577 tons

3.5. HUMAN SETTLEMENTS

The Human Settlements programme aims to provide a range of housing opportunities, including fully subsidised housing, rental accommodation (Community Residential Units and Council-owned flats) and to facilitate social housing and gap housing.

The Unit has a staff complement of 483 people. Operating expenditure in 2014/2015 amounted to R886 333 763.00. Capital expenditure totaled R1 636 255 000.00.

The housing programme makes provision for associated services such as water, electricity, road access, storm water control, sanitation, and access to social facilities to be delivered in an integrated manner. One of the core functions of the unit is to acquire land and plan for the development of future human settlements programmes.

Key Priority Projects

The bulk of the 2014/15 budget was focused on:

- Informal Settlements Upgrading
- Urban and Rural Projects
- Interim Services to Informal Settlements
- Refurbishment and Upgrades to existing housing stock
- Management of council rental stock
- Response to storm and fire disasters through the emergency program
 - Management and upgrades of Community Residential Units (CRUs), former hostels

The municipality is currently in the process of delivering fully subsidised houses in greenfields developments through the Project Linked Subsidy program, as the outcome of informal settlement upgrading and in rural projects. The unit is investigating various strategies for providing programs within the Housing Code to families and potential beneficiaries living in overcrowded backyards, particularly in the former township areas. The priorities for the allocation of new units includes the need to relocate informal settlements built on environmentally sensitive land, unstable land affected by the unsuitable geotechnical conditions and prone to flooding and landslides; those obstructing current implementation and delaying service delivery; the eradication of transit facilities; provision of housing to deem special cases which include but is not limited to, the chronically ill, the disabled, the elderly and child-headed households as well as provision of housing to military veterans.

We are in the process of redressing the apartheid spatial form and dormitories created as hostels to family and individual residential units (CRUs). Households who previously rented Municipal and Provincial houses are having these houses transferred into their ownership. In many cases the pre-1994 housing stock was severely run down due to lack of maintenance over decades, these houses are being upgraded and re-furbished.

Priority projects include Kennedy Road, Bottlebrush relocations, Cato Crest insitu upgrade, kwaMashu L, Greater Mpumalanga, eMapheleni, Umlazi Infill, Kanku Road and Greater Cornubia:

- i. The Kennedy Road project encompasses three sites: Dodoma (progress on which has been delayed due to the discovery of graves on the site), Barton Place (for which Environmental Impact Assessment and Water Use License Applications as well as the town planning layout have been finalized) and the Kennedy Road settlement.
- ii. Land acquisition for the relocation of Bottlebrush residents to Welbedagt West is well under way and feasibility studies have been concluded.
- iii. Top structure construction, allocation of families and connection to services continues in Cato Crest but has been effected by continued land invasion in the area.
- iv. A project steering committee has been established for the kwaMashu L project and is facilitating community input on the project scope and preliminary town planning layout.
- v. Feasibility and wetland delineation studies have been concluded for Kanku Road and the roll out of alternative technology construction is anticipated in the 2015/2016 financial year.
- vi. Phase 1A (comprising 482 units) of the Cornubia South project has been completed and all houses are now occupied. Phase 1 B (comprising 2186 units) is currently under construction. The Environmental Impact Assessment and detailed planning for phase 2 is underway.

Challenges And Mitigations

i. Increased migration and urbanization

eThekwini Municipality is the economic hub of KwaZulu Natal, and has therefore experienced the exponential growth of informal settlements within the city. This situation requires effective management by relevant departments. As a result the backlog for Municipality currently sits at 394,000 units and at current delivery and funding levels, this backlog will still not be met beyond 2050.

ii. Funding

eThekwini Municipality is dependent on the budget provision by National and Provincial Departments to delivery housing. Limited budget allocations hinder the delivery of all housing programmes.

The current housing subsidy quantum does not cover the total costs of constructing a house due to geotechnical and topographical conditions. Key additional items e.g. retaining walls are also not covered by the subsidy quantum. This limitationfurther impacts negatively on government's ability to implement a successful densification strategy. As a strategy to deal with this the Municipality will lobby Province and National Human Settlements Department for increased funding and to direct funding to specific programs in order to meet the demand.

iii. Competing priorities on well-located land

Costs are prohibitive for land identified as well-located and suitable for development. In addition, ongoing and extensive land invasions continue to challenge the City. Often settlements are established on unsuitable land, making it costly to service and construct homes. Densification remains key to addressing the lack of suitable land however this comes with a funding challenge and more effective monitoring and management of land is critical to prevent invasions. Human Settlements Unit is participating in the review of the land invasion policy and strategy being lead by Security Management Unit.

iv. Lengthy statutory processes

Environmental Impact Assessments (EIAs) and the Water Use Licence Applications (WULAs) have a negative impact in fast tracking the implementation of projects but are legislative requirements and cannot be ignored. Protracted SCM processes also have an impact in city's ability to deliver timeously.

v. Misalignment on the provision of bulk infrastructure

Engagements are being held with line departments to improve alignment and create a consolidated project pipeline plan. This will enable line departments to better plan and make adequate budget provisions for aligned service delivery.

vi. The pace of housing delivery

In an effort to speed up the pace of housing delivery, a pilot project to explore the feasibility of alternative technologies has been undertaken. Twenty service providers were awarded the opportunity to build show houses. 14 houses were constructed and assessed against criteria including national building regulations, adaptability for extension, adaptability for densification, suitability for geotechnical conditions, and price viability. This initiative will be rolled out during 2015/2016.

The procurement strategy has been changed from individual procurement to implementing agencies/turnkeys. This allows project managers to manage one service provider who is responsible for the entire outcome compared to individual service providers as in the past.

vii. Security in CRUs

The security situation at Glebelands CRU continued to be problematic during 2014/2015. Initiatives have been put in place to remedy the situation, including disbanding of the old block committees and formation of new Community Residential Unit committees; signing of lease agreements with all legal tenants; upgrading of the street lighting and lighting within the hostel; installation of CCTV cameras; and deployment of SAPS, Metro police and private security guards. Improved access control measures, including installation of fencing, will be put in place during 2015/2016. The outcomes of this initiative will inform a further roll out of these measure to other CRUs across the metro.

Success and awards received

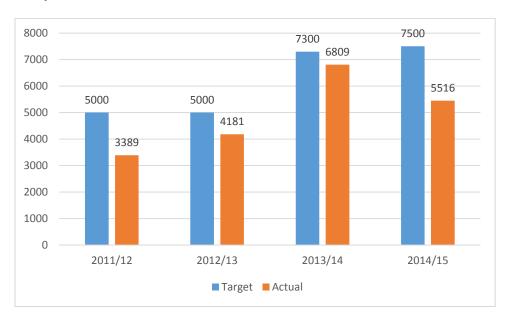
eThekwini Municipality was the winner of the Best Metro award at the prestigious Govan Mbeki awards in August 2015, for performance during the 2014/2015 financial year.

Strategic achievements for the 2014/2015 year include:

- The finalisation of Catalytic / Mega Human Settlements Projects for the City.
- Approval of the Municipal Human Settlements Capacitating Grant (MHSCG), to support preparations and planning for Mega/catalytic projects.
- Robust delivery on the Refurbishment and Upgrade projects (R293 and Ex own Affairs), which saw apartheid 2 roomed houses being converted to 4 rooms.

• Significant improvements on our delivery post the challenge of Manase era.

PERFORMANCE TREND (Tables & Graphs) ANALYSIS FOR THE PAST THREE YEARS INCLUDING 2014/2015



Despite financial challenges encountered during 2014/2015, 5 516 new fully subsidized houses were constructed in projects across the metro. Furthermore, additional houses constructed in previous years were connected to services and allocated to qualifying beneficiaries.

Development of the land assembly pipeline plan and acquisition of more than 22 000 hectares of land positions the unit for continuing and accelerating service delivery in the years to come.

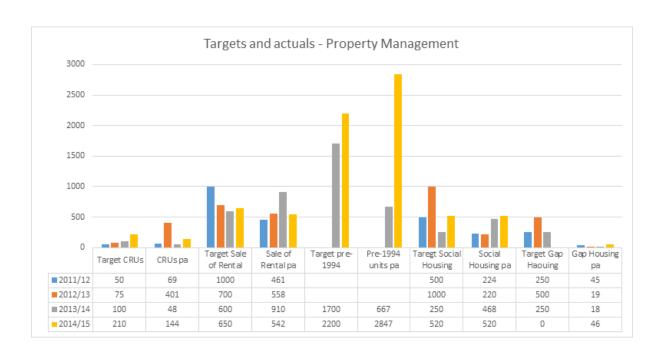
TABLE 1: Scorecard

Sub Project	Q1 Actuals YTD	Q1 Target -Sept 2014	Q2 Actuals YTD	Q2 Target - Dec 2014	Q3 Actuals YTD	Q3 MTA Target	Q4 Actuals YTI	TargetM	% of Q4 MTA Target
3.1.1.1.The number of new fully subsidized HOUSES constructed	1 803	2 250	3 610	4250	4158	5400	5 516	7500	73.55%

3.1.2.1. The number of households benefiting from serviced sites handed over for subsidised housing units	309	635	683	1703	2593	2367	3 199	3172	100.85%
3.1.3.1. Hectares (ha) of land acquired for Housing	13 144	50	13 162	100	13162	22 388	22807.2232	23 005	99.14%
3.1.4. Occupation of new fully subsidised houses	1 882	3 100	4 286	4800	5326	5625	6743	7500	89.91%
3.2.1.1. CRUs - upgrading, refurbishment, and construction of new family units	48	100	48	200	80	194	144	210	68.57%
3.2.2.1. Sale of rental & pre-1994 stock	122	235	279	420	468	488	542	650	83.38%
3.2.2.2. Upgrade and refurbishment of pre-1994 housing units	606	550	1 447	1000	1837	1875	2 847	2200	129.41%

The municipality continues to encourage property ownership through the sale of rental stock and upgrading and transfer of pre-1994 housing units to occupants. More than 2800 units in former townships and ex-own affairs areas were upgraded during 2014/2015. The construction of 46 homes aimed at the gap market was facilitated, and 735 Title deeds were registered in the Dees registrar.

Rental accommodation continues to be offered through new family units in former hostels (Community Residential Units) and through the Unit's facilitation of Social Housing. In addition to the 520 units facilitated through this programme, 5 new non-profit social housing institutions have been accredited, setting up the programme for acceleration in the coming years. Priority is given to projects in designated restructuring zones and strategically located mixed-use areas. Eleven restructuring zones have been identified, 5 of which have been approved and gazetted as of June 2015, and a number of projects are in the pipeline in various stages of implementation from feasibility studies to construction.



	Target and delivery 2010/2011 to 2014/2015									
Indicator	2010/2011		2011/2012		2012/2013		2013/2014		2014/2015	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
New houses	8500	4752	5000	3389	7200	4181	7200	6809	7500	5516
constructed										
Housing backlog (2010/2011 based on 2007 dwelling count, thereafter 2011 dwelling count used. No	355993	359609	408271	408394	401194	404192	396992	397369	389869	391919
growth rate factored in)										
Sale of rental stock	1000	1601	600	461	700	558	1500	917	650	542
New family units	50	80	50	69	75	104	100	48	210	144

FUTURE FOCUS - 15/16

The City still remains a low-density city, with spatial segregation very much along income and race lines. Such a scenario makes it an inefficient City and much work has to be undertaken to address this problem – which is not unique to our City only, but to all Metros. The Human Settlements and Infrastructure cluster aims to drive the integration and alignment within all infrastructure units to ensure support of all spatially targeted priorities for delivery.

While the focus will continue to be the upgrading/relocation of informal settlements, the transfer of rental stock to tenants, the conversions of hostels to Community Residential Units, the phasing out of older and inappropriately located transit camps, and the promotion of housing in restructuring zones/mixed use income areas, there will be greater impetus on planning new projects with higher residential densities within appropriate Integration Zones by aligning with the transport nodes and corridors. In addition, high priority Cabinet-approved projects such as Kennedy Road, Bottlebrush, Kwamashu L, Umgaga Rectification and the eradication of transit camps will also continue in 2015/2016.

Council is forging ahead in implementing improved ways of providing housing that is better suited to the needs of inhabitants. Innovative new housing forms and urban design solutions are being implemented with the objectives of promoting densification, social cohesion, and a more sustainable urban form.

Our human settlement projects need to be more in alignment with the National Development Plan (NDP 2030), there should be greater opportunities for social and economic facilities to support Human Settlements and finally there should be significant employment benefits for key stakeholders.

The City has identified 7 mega / catalytic projects in line with this strategy. Three of these proposed mega projects have been approved by National Department of Human Settlements, the first of which to be constructed is Cornubia, which aims to deliver 25 000 houses over 15 to 20 years. These will have a mix of residential types based on income and tenure options available via the current housing subsidy programme. Government and private sector partnerships are strongly encouraged and projects should ideally comprise more than 5,000 units making a key contribution to the 1,5 million National delivery target. Job creation will be strongly promoted, especially among the youth. The underlying principle of all of these is that they are all spatially targeted interventions whose main objective is to intervene to deliberately restructure settlement patterns and impact on the environment.

The 7 projects (Greater Cornubia, Inyaninga, Greater KwaMashu-Bridge City Urban Hub, Inner City, Greater Amaoti, Greater Mpumalanga, and Umlazi Urban Regeneration) could potentially provide a yield of 160,000 units for the Breaking New Ground (BNG) — low income market, social, affordable/GAP and private sector housing. The vast majority of these projects are suitably located to attract private sector investment. In addition they are also in alignment with the City's Economic and Public Transport catalytic projects.

3.6. **ROADS**

The road network represents a major investment that has been built progressively over a period of

time. It is a highly visible asset that supports the local economy from a functional perspective in terms of both mobility and access. It is by far the single most valuable asset that the council owns

with a replacement value in excess of R110 billion.

The main work undertaken on the road network consists of the following:

Routine maintenance (undertaken by Roads and Stormwater Maintenance Department)

Routine maintenance is defined as the day-to-day operational activities to keep the asset operating.

It may consist of planned maintenance activities but is generally reactive work of a corrective nature that is carried out in response to reported problems or defects (e.g. potholes). Such work is

undertaken for the purpose of restoring service as well as for mitigating the adverse effect of failure

over time.

Most of the work undertaken by the department is undertaken in response to reported problems

but a number of fixed interval initiatives have been implemented for the purpose of ensuring the

reliability of certain infrastructure.

Rehabilitation (Preventative Maintenance)

Through its Pavement Management System the surfaced network undergoes a detailed inspection

every two years, the data from which generates the rehabilitation programme. The inspection done

in 2013 informs the rehabilitation programme for the 2014/15 and 2015/16 financial years.

The rehabilitation can range from seals to full reconstruction depending upon the condition of the

particular road. Extensive use is made of recycling the old road pavement material where this is

milled out. The Municipality has been at the forefront nationally in promoting new technologies

including Warm Mix Asphalt (with less emissions and considerable energy and safety advantages)

and High Modulus Asphalt.

New and Upgraded Road Infrastructure

Work ranges from provision of sidewalks, upgrading gravel to surfaced roads, building of road

related structures through to freeway/arterial road projects. Implementation of major roads

projects are informed through the Transport Authority's Integrated Transport Plan.

2014/2015 KEY PRIORITY PROJECTS

Service delivery achievements during the 2014/15 financial year:

Gravel to Surface Roads (high volume): 20.25km

Sidewalks 83.6 km

Roads Rehabilitated (preventative maintenance): 202km

New Roads: 3.44 lane km

Pedestrian Bridges: 17 (includes footbridges)

Some significant achievements:

Successful rollout of Community Infrastructure Projects in under developed and undeveloped wards. This work included the construction of sidewalks, lanes, passages, foot bridges and basic access roads.

Construction of the eTafuleni Bus Route as part of the eTafuleni Housing Project at a project cost of R60m. The project is currently nearing completion.

The overall condition of the paved road network is measured by the Visual Condition Index (VCI). Currently the VCI = 79 which effectively means that overall the approximately 7000 km paved road network in eThekwini Municipality is in a good condition (VCI between 70 and 85)



CHALLENGES & MITIGATIONS

The rollout of certain capital projects have been delayed by EIA and WULA issues. The Roads Provision Department and Engineering Unit are currently in discussion with the Department of Water and Sanitation on how to fast track this process.

Several projects were delayed due to poor performance of contractors. Several contracts had to be terminated. The Roads Provision Department is currently in the process of engaging the services of alternate contractors to complete the outstanding work.

SUCCESSES & AWARDS RECEIVED

At the recent Conference on Asphalt Paving in South Africa (CAPSA), the flagship event in the South African road construction industry, eThekwini Municipality was recognised as one of the leading Road Authorities in Africa.

The Roads Provision Department continues to be recognised at high level industry forums as the leading road authority in South Africa (along with SANRAL). Our ability to consistently deliver in cost effective manner whilst at the same time demonstrating tremendous innovation to continually improve our service delivery methods contributes towards our high standing in the industry.

PERFORMANCE TREND (Tables & Graphs) ANALYSIS FOR THE PAST THREE YEARS INCLUDING 2014/2015

Gravel Road Infrastructure

Year	Total gravel roads (km)	Gravel roads upgraded to surfaced(km)	Gravel roads graded/maintained (km)
2011/2012	1345	12.3	1333
2012/2013	1333	7.1	1325
2013/2014	1325	11.6	1314
2014/2015	1314	20.25	1294

Surfaced Road Infrastructure

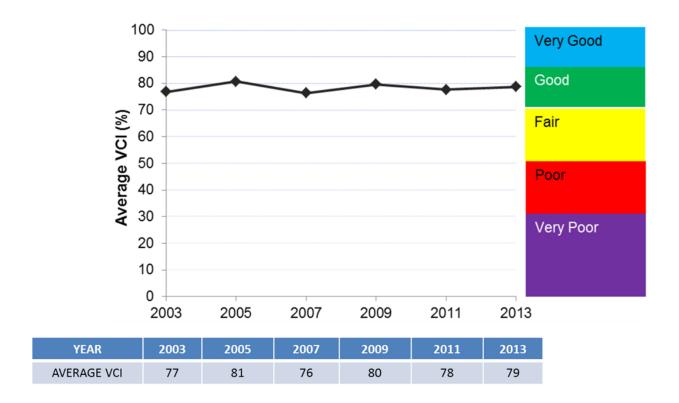
Year	Total surfaced roads	New surfaced roads	Existing surfaced roads	
Teal	(km)	(lane km)	re-surfaced (lane km)	
2011/2012	6252	9.3	273.8	
2012/2013	6761	11.5	334	
2013/2014	6762	1.3	315	
2014/2015	6763	1.45	184.46	

The statistics depicted in the above table relate to the upgrading of high traffic volume gravel roads. The estimated cost of providing these upgrades is R6million/km. Due to the enormous backlog of gravel roads, especially in the rural areas, a supplementary programme for surfacing of

these low volume traffic roads is currently being rolled out by the Roads and Stormwater Maintenance Department. In the 2014/15 a total of 40km of these low volume at a cost of R1.7million/km was implemented.

Surfaced Road Infrastructure

The overall condition of the paved road network is measured by the Visual Condition Index (VCI).



The network level visual assessments have been done biennially since 2003. The average network VCI of the paved roads in eThekwini municipality, based on the 2013 visual assessment data, is 79% indicating an overall condition category of "good". This value has fluctuated between 76% and 80% since 2003.

The 2015 visual inspections are currently underway.

FUTURE FOCUS - 15/16

The Roads Provision Department is planning to undertake the following work during the 2015/16 financial year:

Gravel to Surface Roads (high volume): 16km

Sidewalks 22 km

Roads Rehabilitated (preventative maintenance): 116km

The above estimates may increase depending on how the Community Infrastructure Project funds are allocated.

Other key projects to be undertaken during 2015/16 financial year include:

The Upgrading of Vusi Mzimela Road Phase2

Route 3.1 Road Upgrade Phase 2

Another key project which will commence in the 2015/16 financial year will be the Rehabilitation of Solomon Mahlangu Drive, a key transport route linking the Port of Durban to the hinterland. The effective functioning of this route is critical to the sustained economic growth of the eThekwini Municipality region.

In terms of other road rehabilitation projects the commencement of two road surface sealing contracts will ensure that the relevant existing roads on the surfaced network receive the appropriate cost effective treatments.

A large focus will also be placed on clearing the backlog of unsurfaced roads in eThekwini Municipality. In this regard the Roads Provision Department is planning to undertake 16km of Gravel to Surface Roads (high volume) . The Roads and Stormwater Maintenance Department is planning to undertake 52 km of Gravel to Surface Roads(low volume). The successful implementation of these projects will significantly reduce this backlog.

Roads and Stormwater Maintenance Department 2014/15



Department Profile

The Roads and Stormwater Maintenance department strives to provide an efficient and effective roads and stormwater maintenance service.

The department has a staff compliment of 1520 employees as well as an Operating budget of R888 million, together with a Capital budget of R42, 6 million.

Key functions of the Department include:

Routine inspection of the road and stormwater network

Repairs to potholes, sinkholes and road subsidences

Repair/ reinstatement of excavations, trenches and localized failures on roads and sidewalks.

Repair, maintenance and unblocking of stormwater drainage systems

Replacement of missing covers, access lids and bollards

Repair/ replacement of guardrails, handrails and roadside fencing

Repair/ replacement of traffic lines and signs

Blading, re-gravelling and associated maintenance works on gravel roads

Stream cleaning and maintenance

Rails siding maintenance and improvements

Crack sealing and slurry sealing of roads

Removal of rubble and sand from the road and road reserve areas

Upgrading of low volume gravel roads

Provision of an integrated road reserve cleaning and maintenance service to the higher order road network through the Priority Routes Programme

Provision of a road reserve cleaning and maintenance service to the lower order road network through the Zibambele Poverty Alleviation Programme

Routine maintenance within the Roads and Stormwater Department

Routine maintenance is defined as the day-to-day operational activities to keep the asset operating.

It may consist of planned maintenance activities but is generally reactive work of a corrective nature that is carried out in response to reported problems or defects (e.g. potholes). Such work is undertaken for the purpose of restoring service as well as for mitigating the adverse effect of failure over time.

Most of the work undertaken by the Roads and Stormwater Maintenance department is undertaken in response to reported problems but a number of fixed interval initiatives have been implemented for the purpose of ensuring the reliability of certain infrastructure.

The varied nature and extent of the roads infrastructure requires different service standards and hence the opportunity to implement service delivery mechanisms that meet other objectives such as job creation and skills transfer.







Key Priority Programmes

Performance measurement

The bulk of the routine maintenance work is undertaken by mobile work teams. In order to ensure that optimum use is made of resources and that costs are kept to a minimum all work is planned and scheduled. Performance is monitored through a works management system. Work is derived from either Roads Inspectors, faults logged by the public via the Call Center, rehabilitation work for other units in the City or from scheduled maintenance. The work is scheduled centrally in an Operations Center and jobs are routed electronically to mobile work teams. Once complete the Supervisor in the field indicates the type of job and duration from a standard job list which allows for automatic calculation of cost. This is updated from the mobile device to the central management system and closed. A number of reports are available to manage the work processes and key performance indicators.

Gravel road maintenance and the upgrading of low volume roads



Access to a large part of the eThekwini Metro Area is obtained via an informal network of roads, tracks and footpaths that total 6000 km in length. Approximately 1400 km of the roads on this network are maintained as gravel roads. There is also a programme in place for the upgrading of volume gravel roads to paved standard at a rate of 60 km to 80 km per annum

Key Successes

The Zibambele Programme

In this programme contractors carry out low intensity maintenance on both gravel and black top roads. The beneficiaries are expected to clear the road verges of vegetation and litter, keep the sidewalks, drains and road surfaces clear of silt and debris, and keep the grass short on the road verges. The contractors are issued tools such as wheelbarrows, hoes, brooms, rakes, slashers and safety equipment such as reflective vests, gloves and traffic cones. The contracts are aimed at stabilizing destitute families. As the majority of the heads of these families are women it is by default gender affirmative.



The creation of work opportunities on the eThekwini Municipalities' road network maintains the general condition of the network and helps to break the poverty cycle of the eThekwini Municipality's most needy inhabitants. The Zibambele Programme, which draws on the most destitute citizens in the city, has become an integral part of the Department's operations. There are at present about 6000 beneficiaries deployed and managed by eThekwini Municipality.

This poverty alleviation programme was conceived from the early 1990's by the KwaZulu Natal Department of Transport (DOT). The Zibambele road maintenance concept preceded the government's Expanded Public Works Programme (EPWP). The EPWP is also a short-to medium-term programme aimed at alleviating poverty and reducing unemployment.

The programme assists economically vulnerable people on an ongoing basis, thus allowing them to plan their future regarding food, clothing and education. Normal construction projects have a limited life span and are unable to offer this level of support and sustainability.

A fifth of the Zibambele contractors did not have valid identity documents and the majority did not have bank accounts. Contractors were assisted to deal with these issues. In addition 15% of Zibambele contractors were not accessing the social grants they were entitled to. A simple means test was applied to ensure that after receiving all their entitlements, the beneficiaries still qualified to be part of the programme.

To date, the eThekwini Zibambele programme has been a huge success. By augmenting its internal capacity with community-based structures, the eThekwini Municipal Authority (EMA) has been able to gain an operational advantage and also help achieve one of the key objectives of its transformation plan, which is to enable more citizens to enjoy an improved quality of life, now and in the future.

Sihlanzimvelu programme

This particular programme is currently in its pilot phase and is a co-ordinated approach in dealing with the condition of 150km of the worst streams that impact on communities in the Umlazi and INK areas.

There are approximately 800kms of rivers, streams and canals within the eThekwini geographical region.

Of these, approximately 470km are located within the pilot project target area's of INK (Inanda, Ntuzuma and Kwa Mashu – approx 360km) and Umlazi (approx 110km)

The purpose of the programme is to ensure that all watercourses in the eThekwini Municipality are brought to an appropriate standard and are maintained at that standard.

This will safeguard communities from hazards found in watercourse and enrich the natural environment of eThekwini.

The programme is a joint initiative by the following departments:

Coastal Stormwater and Catchment Management

eThekwini Water Services

Environmental Management Branch

IMS

Parks

Solid Waste and Cleansing

Health

Vector Control

Skills Development

Roads and Stormwater Maintenance

Maintenance of the streams is undertaken by co-operatives that are predominantly resident in the areas being serviced

Zibambele contractors maintain around 2500km of roads and approximately 25% of these roads are gravel roads.

The department maintains low volume gravel roads as follows:

CATEGORIES	LEVEL OF SERVICE	ROAD LENGTH
Rural/peri-urban (low volume)	Regrading 2X pa Regrav 1X5yrs Upgrade- single stabilized layer plus wearing course (TRH 20)	1100 km
Rural/peri-urban (public transport)	Regrading 2X pa Regrav 1X5yrs Upgrade – TRH 4	60 km
Urban/urban periphery	Regrading 2X pa Regrav 1X5yrs Upgrade – TRH 4	240 km

Priority Routes

Another huge success within the Department is the Priority Routes Programme. This is based on the principle that 80% of the traffic uses 20% of the network. This programme involves the facilities management of infrastructure maintenance and cleansing activities within the road reserve on higher order roads such as freeways and main arterials to ensure a significantly higher level of service than the norm.

At present there are 9 contracts in place which cover 392km of High Order Road. The Priority Routes initiative involves the facilities management of Infrastructure maintenance and cleansing activities within the road reserve to ensure a significantly higher level of service than the norm.

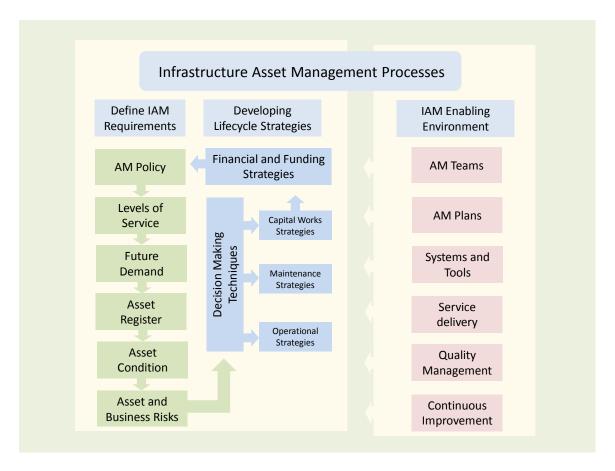
Infrastructure Management and Socio-Economic Development Department

The Infrastructure Management section co-ordinates the implementation of asset management methodologies in the City.

Functions

Institutionalising a continuous improvement culture for infrastructure asset management including:

- Defining and improving knowledge of infrastructure asset requirements.
- Developing and improving life cycle infrastructure asset management strategies.
- Integrating, developing and improving infrastructure asset enablers.



2014/2015 KEY PRIORITY PROJECTS

The asset management programmes include:

- Asset register systems maintenance
- Asset Management Policy review
- Asset Management mentorship

CHALLENGES & MITIGATIONS

Challenges include:

- Improving root cause analysis of infrastructure failures
- Objectively defining social, economic and environmental benefits and costs of infrastructure asset decisions
- Identification of integrated risk profiles of key infrastructure assets

Mitigations include:

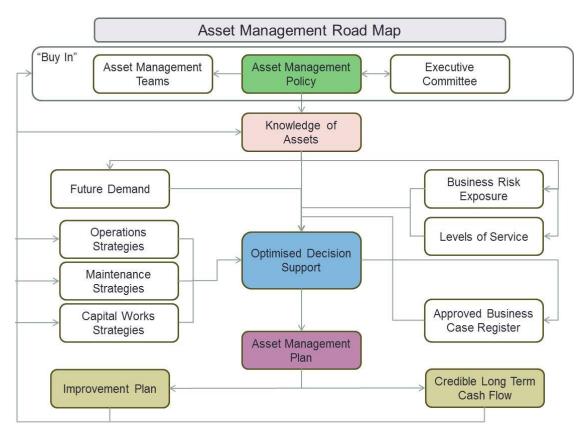
- Implementation of Ellipse 8 at all infrastructure asset departments
- Integration of Ellipse 8 with JDE and GIS
- Develop lifecycle based decision support systems
- Mentor senior management on asset management practices

SUCCESSES & AWARDS RECEIVED

- Asset Management business plan developed
- Asset register updates and training
- 2014 / 2015 Asset Management Policy
- Participation in National Treasury's Cities Infrastructure Delivery Management System toolkit review (CIDMS)

FUTURE FOCUS – 15/16

This is summarized in the following figure:



DEVELOPMENT ENGINEERING DEPARTMENT

DEPARTMENT PROFILE

Design and project management of new capital projects on behalf of municipal client departments including engineering infrastructure.

Functions

Urban renewal and economic development projects.

Tourism and beachfront projects.

Sport fields and recreation facilities.

Cemeteries and informal trade facilities.

Engineering services for low income human settlement development.

Co-ordination of integrated provision of engineering infrastructure for development projects by multiple departments and private developers.

2014/2015 KEY PRIORITY PROJECTS

Isipingo Town Centre Renewal Ph 2, on behalf of Economic Development Department, Shembe Ekuphakameni Village (Inanda), on behalf of Economic Development Department, Construction of speed humps throughout the Municipality, on behalf of ETA Interim road access, footpaths and stormwater control to 5527 households in informal settlements, Servicing of 3127 sites for low income housing, on behalf of Human Settlements Unit — including the following housing infrastructure projects:

Cornubia Phase 1B-2 and 1B-3

Etafuleni Ph C & E

Kingsburgh West

Ntuzuma D Ph2&3, Stage 1

Mpumalanga G

Welbedaght East (3A)

Servicing of houses for Umlazi Infill projects

CHALLENGES & MITIGATIONS

Density of informal settlements and stoppages cause by existing communities.

FUTURE FOCUS - 15/16

Vusi Mzimela Road Upgrade (Bellair Road), on behalf of Roads Provision Department, Sibusiso Mdakane Drive Public Realm Upgrade, on behalf of Economic Development Department, Construction of speed humps throughout the Municipality, on behalf of ETA, Interim road access, footpaths and stormwater control for 17 000 households in informal settlements, Servicing of 2800 sites for low income housing, on behalf of Human Settlements Unit – including the following housing infrastructure projects:

Amaoti Cuba Phase 4

Etafuleni Ph 1B & 1D-B

Lamontville Informal Settlement Upgrade

Ntuzuma D Ph2&3, Stage 2

Oakford Priory

Servicing of houses for Umlazi Infill projects

SURVEYING AND LAND INFORMATION

DEPARTMENT PROFILE

The Surveying & Land Information Department is involved with the provision of an effective cadastral, engineering and sectional title surveying service, together with the capture, maintenance and dissemination of land legal, land technical and land acquisition information and advice, thus facilitating planning and development within the eThekwini Municipality.

Functions

Cadastral, Engineering & Sectional Title Surveying related to Municipal business

Land legal and land technical advice related to Municipal business

Capital project land acquisition facilitation related to Municipal business

Hand Plan preparation and land development related to Municipal business

Customised GIS Plans related to Municipal and public requests (Tariff charge)

Cadastral information and plans related to Municipal and public requests (Tariff charge)

Street address queries related to Municipal and public requests (Tariff charge)

Plan and document microfilming related to Municipal business

Service and retirement certificates related to Municipal business

2014/2015 KEY PRIORITY PROJECTS

Surveying

 $Water\ pipeline\ servitudes:\ Western\ Aquaduct,\ Alverston-Frasers\ Road\ Trunk\ Main,\ Hazelmere$

Booster Station, Nyaninga leg re-alignment.

Nature Reserve Proclaimation Diagrams : Burman Bush, New Germany.

Architectural Conference: Rivertown, Ski Jump

IRPTN: Numerous route surveys.

Land Legal

Numerous land legal investigations in terms of ownership, rights, road status, encroachments.

Land Development Plans

Total: 350 land development plans

IRPTN: 54 road servitude acquisition plans

Northern Aquaduct: 29 water pipeline servitude plans

Alienation of land: 82 alienation of land plans

Public Counter

Land information queries dealt with: 18 000

Prints/Plans/Photocopies supplied: 37 000

Microfilm

eThekwini News Room: 50 000 sheets of paper microfilmed

CHALLENGES & MITIGATIONS

Challenges

Keeping up with technology – budget constraints.

Loss of institutional, professional and technical knowledge.

Mitigations

Succession planning, knowledge sharing.

SUCCESSES & AWARDS RECEIVED

Recognition of excellent customer focus and quality outcomes.

FUTURE FOCUS - 15/16

Improved customer focus, ensuring that the very best service is delivered to both internal and external customers.

Acquisition of new technology to facilitate optimum service delivery.

Succession planning, knowledge sharing to ensure excellent continuity of service.

3.7. ETHEKWINI TRANSPORT AUTHORITY

UNIT PROFILE

The Unit currently has a staff compliment of 175 permanent staff and 38 contract staff. The 14/15 operating budget of R 453 169 125.00 and the Capital budget of R 774 687 000.00 has been utilised under an environment of competing demands and pressures to address the critical issues faced by the transport sector.

2014/2015 KEY PRIORITY PROJECTS

The eThekwini Transport Authority continues to progress to deliver a safe and sustainable transport system for the region. The ETA progressed in terms of developing robust plans to address the transport needs of the region from a Freight, Public Transport and road network perspective. On the implementation side construction has continued on developing the C3 Public Transport corridor from Bridge City to Pinetown.



C3 – Bridge City to Pinetown

A number of Road Safety initiatives at schools and high risk areas have been implemented. Sidewalks and traffic improvement measures have been installed in a number of Wards in eThekwini. A number of Taxi Ranks have been resurfaced in the central area during this financial year. Intersection improvements were completed at King Cetswayo Avenue /Locksley Drive as well. The Integrated Freight and Logistics Strategy & action plan has been compiled and a rollout strategy is being formulated. The Public Transport Plan has been prepared and will be incorporated into the Comprehensive Integrated Transport Plan in due course.

CHALLENGES & MITIGATIONS

The Unit performance has been constrained by financial as well as human resource capacity. Available budgets have been earmarked for critical projects, that yields the biggest benefits. External service providers have been procured to address some of the human resource constraints. In terms of the NLTA, more transport functions will be devolved to the Unit and much work has progressed in terms of the realignment project, which has identified the Human Resource needs of the Unit for the long term. There will be additional Resources earmarked for Public Transport, Freight and as well as for the facilitation of development in the region.

SUCCESSES & AWARDS RECEIVED

There has been strong collaboration with the various stakeholders involved in Road Safety resulting in a continued improvement in the Road Safety record for eThekwini.

MUVO Card has been in operation and 123 000 cards have been issued, with 900 000 taps per month.



MUVO Card

The Empowerment Charter for the Go Durban Project has been launched and has been has been hugely successful in terms setting a strong platform to address a number of issues relating to skills development, Corporate Social Investment, Enterprise Development and Employment Equity.

PERFORMANCE TREND (Tables & Graphs) ANALYSIS FOR THE PAST THREE YEARS INCLUDING 2014/2015

The ETA has over the past 3 years focused on the fundamental issues that need to be addressed from a Transport perspective. A full Public Transport wall plan has been developed. Similarly an IFLS action plan has just been concluded. A short while ago a Non Motorised Plan was completed. A solid platform in terms of understanding the needs of society has been determined, and the financial requirements thereof have been completed. The rollout of the infrastructure and services are now in the process of being implemented across the various sectors viz.: Public Transport; Non Motorised Transport and Freight.

Municipal Bus Services Data Standard Buses								
	DETAILS	2012/2013	2013/2014	2014/2015				
	DETAILS	Actual						
1	Passenger Journeys	22 314 451	26 793 327	26 677 487				
2	Seats available for all Journeys	29 233 500	29 595 900	31 999 565				
3	Average unused Bus Capacity for all Journeys	24%	9%	17%				
4	Size of bus fleet at year end	487	487	487				
5	Average no of buses of the road at any one time	15	20	18				

	Municipal Bus Services Data Standard Buses								
	DETAILS	2012/2013	2013/2014	2014/2015					
	DETAILS	Actual							
6	Proportion of the fleet off the road at any one time	3%	4%	4%					
7	No of bus journey scheduled	487 225	493 265	492 301					
8	No of bus journeys cancelled	13 802	13 088	14769					
9	Proportion of journeys cancelled	3%	3%	3%					

	MUNICIPAL BUS SERVICES DATA MYNAH BUSES								
	DETAILS	2012/2013	2013/2014	2014/2015					
	DETAILS	Actual							
1	Passenger Journeys	1 781 255	1 728 699	1 361 199					
2	Seats available for all Journeys	1 943 187	1 975 656	1 951 656					
3	Average unused Bus Capacity for all Journeys	8%	13%	30%					
4	Size of bus fleet at year end	21	21	22					
5	Average no of buses of the road at any one time	0	0	0					
6	Proportion of the fleet of the road at any one time	0%	0%	0%					
7	No of bus journey scheduled	80 966	82 319	81 319					
8	No of bus journeys cancelled	1 675	3 589	2439					
9	Proportion of journeys cancelled	2%	4%	3%					

FUTURE FOCUS - 15/16

As indicated the focus will be on the rollout of Infrastructure and Services. In particular the main focus will be on completing the infrastructure on the C3 corridor as well as assessing opportunities for corridor development to support this corridor.

Similarly there will emphasis on corridor development opportunities to align with the programmed investment by Prasa on the C2 Rail Corridor.

There will be a strong focus on Inner City Regeneration with a particular focus on improving the coverage of People Mover Public Transport Service.

3.8. COASTAL, STORMWATER AND CATCHMENT MANAGEMENT

To provide a cost effective, environmentally sympathetic, sustainable coastal stormwater and catchment management system.

Functions

Manages flood risks to houses, industrial and commercial properties.

Strives to improve water quality in the city's rivers, vleis, wetlands and receiving coastal waters by managing and monitoring developments.

Protects and enhances urban river corridors and wetlands as important natural features within the urban landscape.

Promotes multi-functional, sustainable use of river corridors and drainage systems.

Maintain a suitable beach width.

A large amount of erosion protection has been installed where properties and infrastructure were being threatened and this work has been done using local labour where feasible.



Figure 1 - Erosion protection for a

house in Umlazi U section



Figure 2 - Check Weirs for houses

in Umlazi K section to halt erosion

As part of the Councils Municipal Adaptation Plan we are in the process of recalculating the flood lines using the predicted impacts of climate change. We are also in the process of developing master drainage plans for the major catchment areas and these are to inform the process of identifying mitigation measures for new and existing developments within the catchment areas. The Catchment Management section is also involved with educating people on the role of wetlands and flood plains in maintaining water quality and flood levels.



Figure 1 - Uxolophambili High School Tree Planting

COASTAL ENGINEERING

In October 2014 - The Blue Lagoon Groyne was redesigned. Over the years and due to a high energy wave climate, the original armour units descended into the adjoining seabed. The newly designed rubblemound groyne uses 5-7 ton rock armour units on the exterior, with the underlayer consisting of rocks in the 2-4 ton category. Critical in the construction of the groyne was the use of a Long Reach Excavator. The 120 ton Excavator, was able to place up to 8 ton armour units at a reach of 23m. The long reach of the excavator allowed for precise placing Armour units. These units are placed in predesigned positions, with using of a GPS. Another advantage of the long reach excavator was that armour units could be placed in all types of sea conditions and remain out of harm's way. In total, over 3000 tons and 2000 tons of rock was used for the Armour and Underlayer, respectively.



DISASTER MANAGEMENT

The Department has, as part of its function and for assistance in the sphere of Disaster Management, looked at various methods to minimise the risk to Human life, Infrastructure and Special Services.

Hence, the purchase of Flood Early Warning System software called FEWS. The systems aim to interpret atmospheric events and predict the impacts of such events. A primary example would be the prediction of flood events based on anticipated precipitation. The Department is currently in the implementation phase and will commence testing of the system over the summer rainfall period. The pilot project and several other catchments are now running real time, with hydraulic and coastal forecasting models.

CHALLENGES & MITIGATIONS

RANA ROAD / R102, ISIPINGO: PROPOSED STORMWATER UPGRADE

EMERGENCY EMBANKMENT PROTECTION TO THE CHESTERVILLE STREAM - MOLIFE ROAD

During the last few years the Chesterville stream had regularly overtopped its banks causing flooding to adjacent roads and dwellings and had undermined the banks and walkways (which are used as roads) causing unsafe conditions and limiting access for this portion of the Chesterville community.

This project involved river training using mass gravity gabion retaining walls which also served to protect the various roadways and walkways as well as other council services from erosion and collapse. These walls are labour intensive and 80% of the labour force was sourced from the benefitting community in conjuction with Ward Councillor Mbongwa. This proved highly successful and the local labour aspect of the project went ahead without incident — approximately 70 temporary jobs were created during the 8 month contract. The community is proud of what they have achieved.

The contract has resulted in 350 m of the stream bank being protected against future erosion.





SPECIALIST JACKING OF STORMWATER PIPES UNDER TRANSNET FREIGHT RAIL RESERVE AT WENTWORTH STATION

Due to severe flooding of commercial and residential properties within the Wentworth area, a common occurrence for a period of time, further investigations were undertaken and it was discovered that the pipe culvert underneath the railway had collapsed.

The preferred method of remediation was to install a battery of concrete pipes to pass underneath the active passenger &/ freight rails reserve at Wentworth station for the purpose of conveying stormwater from the adjacent road towards the Canal. The construction of the proposed stormwater network forms part of the holistic approach in order to alleviate flooding in this area and surrounding affected parts.

Ultimately the pipe size was increased to 1468 mm internal diameter and a battery of five pipes side by side were installed. Each line consisted of a 100m long jacked reinforced concrete pipe at an depth of approximately 6 meters. These pipes are linked together at each end in a chamber with the Bluff Road stormwater linking to the upstream chamber at the low point in Bluff Road and the downstream chamber linking to the Amanzimyama Canal via an existing culvert.

Extensive dewatering took place during construction since the invert of the pipes is less than 2 meters above sea level. Once all tie-ins are complete the Bluff Road stormwater catchment will drain to the Amanzimyama Canal and the flooding of commercial properties and Transnet rail reserve will be dramatically reduced.



SUCCESSES & AWARDS RECEIVED

Umhlanga Pier Award

The Umhlanga Pier was voted among the top 10 Most Beautiful piers in the World by CNN. Quote: This pier isn't just a place to grab a great photo -- it's an extension of an underground culvert that helps disperse excess storm water from the land into the ocean. The distinctive whale bone structure won the South African Institute of Civil Engineering (Durban) award as well as the Institute of Municipal Engineering National Award for Outstanding Civil Engineering Structure.

The Pier is to undergo routine maintenance in this financial year.



Figure 6: Umhlanga Pier: Voted among the 10 most beautiful piers in the world by CNN.

PERFORMANCE TREND (Tables & Graphs) ANALYSIS FOR THE PAST THREE YEARS INCLUDING 2014/2015

Table 3.9.1

Stormwater Infrastructure Installed By Department (Kilometres)					
Total stormwater measures installed and maintained					
2012/2013	3529.481				
2013/2014	4003.000				
2014/2015	3814.758				

The above is the length extracted from our GIS database and reflects the known assets only. We are still in the process of finding and mapping all our stormwater systems as part of the asset management exercise. The above figures refer to the infrastructure that has been installed by the stormwater department only and do not include stormwater infrastructure that has been installed

by roads or housing departments. The details of these installations are only made available in the ensuing years after construction.

Number of properties below the eThekwini defined service level provided with STORM WATER solutions per								
annum.	annum.							
Outline Service Targets	Outline Service Targets 2011/2012 2012/2013 2013/2014 2014/2015						15	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual
The number of properties below the eThekwini defined level of service provided with STORM WATER solutions per annum.	220	999	400	606	440	475	440	613

The asset management program which has been ongoing for the last six years is beginning to provide the benefits in the form of identifying system deficiencies, providing accurate records which mean faster response times, a cleaner system which means fewer blockages and therefore less damage to property. The program also establishes the condition of the system and the expected remaining life which is crucial for planning budget requirements.

FUTURE FOCUS - 15/16

The primary aim of the department is the effective management of stormwater and coastal infrastructure.

The Department is focussed on ensuring improvement of all stormwater systems to the same level of service for all citizens within the eThekwini borders, ensuring a coastline which is properly managed and maintained and ensuring that the flood risks to houses, industrial and commercial properties are managed.

3.9. LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKETS)

(ECONOMIC DEVELOPMENT AND INVESTMENT PROMOTION UNIT; BUSINESS SUPPORT, TOURISM AND MARKETS UNIT AND URBAN REGENERATION)

Preamble

The eThekwini economy has not been as resilient as in previous years when trying to withstand the harsh global and national constraints with respect to growth – as evidenced in the modest 0.9% increase in GDP during 2014. The slowdown in the global economy, local load shedding, and the drop in commodity prices coupled with continuous strikes in the manufacturing and mining sectors have contributed to this low growth.

However, the city continues to leverage competitive advantages from the port, tourism, strategic infrastructure developments and the enhancement of manufacturing capabilities. In addition, there are major catalytic projects on the go, all of which are outlined in the municipality's Economic Growth and Job-Creation Strategy 2014-2018. These include the Cornubia development, dig-out Port, Inyaninga Industrial Estate, developments at Cato Ridge, the Durban-Free State-Gauteng logistics and industrial corridor, Dube TradePort, the aerotropolis and the possible construction and establishment of a World Trade Centre.

The logistics and industrial corridor comprise a specific initiative in the National Development Plan's Strategic Infrastructure Projects (SIP), with the objective of strengthening the logistics and transport corridor between the country's main industrial hubs and improving access to Durban's export and import facilities. This bodes well for the future of the region in trying to establish itself as the trade and tourism gateway for the Southern African Development Community (SADC).

The catalytic projects described above are expected to create thousands of jobs during the next 20 years which is also one of the main goals of the National Development Plan (NDP) that is targeting 11-million jobs by 2030. The city recently recorded the lowest unemployment rate of 16.5% in the Quarterly Labor Force Survey by Statistics South Africa during the second quarter of 2015. The eThekwini municipal region employs approximately 9% (approximately 1.3-million) of the national total of 14.4-million people and is currently growing at a rate of 2.2%. Although the unemployment rate is low for eThekwini, the challenge remains to grow employment by more than 4% in order to meet its share of the NDP target. Although thousands of citizens in the city now have access to water, electricity, sanitation and other basic services, there is still high levels of poverty, inequality and an uneven or poor quality of services – the city's economy is not growing fast enough to meet these challenges.

The Municipality's Industrial Revitalisation Plan for 2015/16 and the update of the industry database will play a significant role in growing the manufacturing sector thereby contributing to the employment growth targets. The Economic Development and Investment Promotion Unit has also launched some unique innovation initiatives and these include the Youth Innovative Challenge, a partnership with IBM, the Sustainable Enterprise Development Facility and the Government of Flanders with the purpose of supporting youth-driven technology businesses.

The City's 2014/15 budget sought to improve the way money was being spent, more especially to enhance service delivery. It has emphasized the containing of costs and improving efficiency across

departments through reprioritizing. In 2014, the city posted a gross value added (GVA) of approximately R248.5-billion (constant 2010 prices) and the annual rates collected for this period was R5.576-billion. This means that for every rand collected in rates the region was able to output R43 in GVA.

Plan 2 of the city's Integrated Development Plan (IDP) outlines a suite of various initiatives which describe a multitude of interventions across the region's socio-economic spectrum to enhance growth and job-creation through sector support, investment promotion, economic policy and research, enterprise development, tourism marketing and township development. These are unpacked in greater detail throughout the rest of this report.

Introduction

The broader institutional responsibility for the economic development function rests with the Economic Development and Planning Committee (ECOD) of the eThekwini Municipality, chaired by Councillor Ms Nomvuzo Shabalala. The Municipality's Integrated Development Plan (IDP) guides the activities of this function which is listed as Plan 2, with the goal being 'To develop the economic wealth of the eThekwini region for the material well-being of all its citizens' with the outcome described as 'Strong economic growth, sustainable job creation and poverty alleviation'.

Policies and strategies affecting economic development are guided by all three spheres of government and are aligned accordingly in the IDP and the city's Economic Development and Job-Creation Strategy 2013-2018. Economic development planning is also influenced by global initiatives such as the Millennium Development Goals, and affords the city an opportunity to play a contributory role towards building global momentum around climate change agreements, sustainable development goals and other initiatives aimed at making cities more liveable.

The Economic Development and Investment Promotion-, Strategic Projects-, Business Support-, Markets- and Tourism Units, as well as the other relevant entities are mandated to execute Plan 2. The specific focus areas strive to address the economic injustices of the past, enhance the existing significant competitive assets in the City and ensure the region is resilient in its attempts to constantly absorb the shocks and stresses to social, economic, technical systems and infrastructure arising out of climate changes, energy scarcity and population changes.

At the local level, this plan strives to grow employment, alleviate poverty and ensure an equitable distribution of wealth for all citizens in eThekwini. Ultimately, eThekwini should be the leading metropolis in creating more jobs, decent work and sustainable livelihoods over the next twenty years. The National Development Plan (NDP) places a huge responsibility on local government to be an effective instrument of change in achieving socio-economic transformation.

Presently the region is characterized by high unemployment and poverty levels, low foreign direct investment, poor partnerships with the private sector and growth rates not sufficiently adequate to enhance economic growth and reduce unemployment.

As the City weathers the regional and global economic impacts, it has to ensure that economic development persists through aligning with appropriate plans from other spheres of government to optimize a tailor-made mix for eThekwini based on their recommendations for sustainable economic development and the city's inherent comparative and competitive advantages.

Weak global growth, together with the local impacts of load-shedding by Eskom and chronic labour unrest in the manufacturing sector specifically mines and metals, have led to poor GDP growth during 2014 and poor employment growth makes it very challenging for the City to achieve its share of the job targets as set out in the New Growth Path 2010 and the National Development Plan (NDP) 2011. The New Growth Path intends to reduce unemployment from 25% to 15% through the creation of 5 million jobs by 2020 while the National Development Plan 2011, is aiming to do the same from 2021 to 2030, by providing an additional 6 million jobs. Presently employment growth nationally and locally is just below 2%, and this figure has to more than double to realize the NDP targets.

The 2015 State of the Nation Address revealed a set of plans to deal with the country's electricity challenges, currently hindering economic growth. This will be significant for Durban as it is the second most attractive manufacturing location in the country and electricity disruptions has harmful impacts on the secondary sector. The other initiatives include the nine point plan to ignite growth and create jobs. Some of the relevant points pertaining to economic development are: resolving the energy crisis; revitalizing agriculture and the agro-processing value chain; advancing beneficiation or adding value to our mineral wealth; more effective implementation of a higher impact Industrial Policy Action Plan; encouraging private sector investment; unlocking potential SMMEs, cooperatives, townships and rural enterprises and state reform and boosting the role of state owned companies, ICT infrastructure or broadband roll-out, water, sanitation and transport infrastructure as well as Operation Phakisa aimed at growing the ocean economy and other sectors.

The African National Congress' January 8th Statement in 2015 also reaffirmed a commitment to the goals and objectives of the NDP as an overarching plan and a vision to realise the ideals of the Freedom Charter to put in place a society that belongs to all who live in it. Some of the key initiatives of the NDP are already being implemented such as the major infrastructure development programme, and the state-led industrial policy.

These ambitious targets set by national government to be realized by 2030 require bold leadership and a new approach at a local government level in order to contribute towards this vision. Plan 2 sets out a framework with a suite of programmes and projects for which the eThekwini municipal region may set the foundation over the next 5 years towards sharing in the national vision while realizing specific gains in the short term.

The Plan is captured within a selection of strategic focus areas (SFAs) as described henceforth. The underlying vision is to position eThekwini's economy as Africa's Southern Gateway to Trade and Travel. The further development of the Port of Durban, Dube Trade Port and King Shaka International Airport, as well as infrastructure improvements such as provision of water, energy, road, freight rail and fibre optics networks highlight the critical linkages of the municipality to key value chains located throughout Sub-Saharan Africa.

In achieving this vision, the Plan describes an economic framework that builds on past successes such as stimulating key sectors of the economy and providing business support. This plan outlines the need to include a strategic focus on economic leadership and intelligence, facilitating partnerships, maximizing the benefits of infrastructure development, nodal and corridor

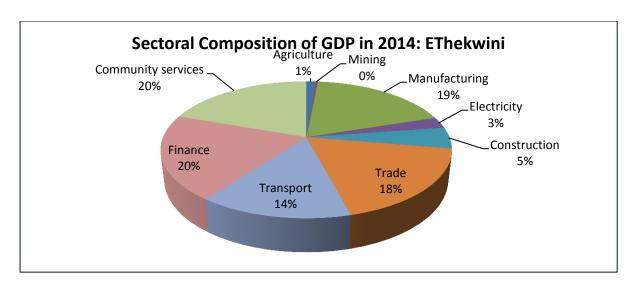
development, investment promotion and facilitation, enterprise and sector development such as the film industry, automotive, chemicals, creating a competitive tourism sector and ensuring sustainable livelihoods.

The various economic development objectives for Plan 2 are also reinforced by several support initiatives from the National Minister's 2015 Budget speech for both the short- and long-term prospects relating to the less energy-intensive sectors such as tourism, agriculture, light manufacturing and housing construction. Climate change research is also boosted by the allocation of R296-million over the next 3 years for the oceans economy. The mining and petroleum beneficiation projects received an amount of R2.7-billion over the medium term. The Minister has also budgeted R4.7-million for the recapitalization and development of farms. For the manufacturing sector an amount of R10, 2-billion has been set aside for manufacturing development incentives and support for growing service industries such as business outsourcing and in addition the Manufacturing Competitiveness Enhancement Programme will spend R4, 5-billion to assist 1,450 companies with financial support to upgrade facilities and skills development. Special Economic Zones (SEZs) were allocated R3, 5-billion over the medium term for infrastructure development.

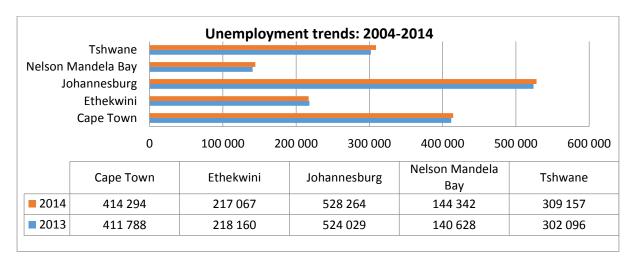
The adoption of the City's Economic Development and Job Creation Strategy in 2013 and the completion of the Economic Implementation Plan are currently translating the ideas from the Strategy into practical actions as set out in Plan 2. The strategy was critical in identifying key areas of concern the City needed to address, most notably, the Strategy sought to place the city on a new growth path driven by strong and well informed economic leadership. A key feature of this strategy was a strong focus on improving the productive sectors of the local economy. Manufacturing is a very significant sector of the EThekwini economy and employs over 186,000 people, contributing about 18% of our total formal employment in 2014. In terms of GDP output Durban's manufacturing region is second to Johannesburg – last year the City's manufacturing GDP was approximately R61, 3 billion (11.2%) compared with Johannesburg's R77, 5 billion (14.1%).

STATE OF THE LOCAL ECONOMY 2013_2014

The eThekwini economy grew by 0.9% in 2014 (R248, 5-billion) – the low growth probably due to the mining, manufacturing and electricity sectors recording negative growth. The agriculture, construction, transport and finance sectors had positive growth (agriculture had the highest at 4.6% with manufacturing the lowest at -0.5%). The pie chart shows the percentage contribution of the broad sectors for 2014.



The number of unemployment people during 2014 was approximately 217,000 with the latest quarterly unemployment rate from Statistics South Africa recorded as 16.5% for eThekwini in the 2nd quarter Labour Force Survey for 2015. The number of employed (this includes informal) was approximately 1, 3-million. The graph below shows that Durban had the biggest drop in unemployment between 2013 and 2014 (0, 5%). The current unemployment rate at present is 16, 5% which is the lowest of all the major cities nationwide.



The slow growth in the global and national economies has certainly impacted on eThekwini, together with local constraints such as load shedding, strike action and weak consumption expenditure, however, the major projects planned for the city going forward will bode well for high economic growth most notably the ones that will enhance trade activity with sub-Saharan Africa, and especially in light of the anticipated GDP growth of 5% in 2016 for the continent.

Table 1 lists a selection of key indicators and their percentage change during 2013-14. There were improvements for most of the indicators in varying magnitudes, however, there were negative growths for tourism spend (-6.2%) and total imports (-28.9%). Annual expenditure and retail trade sales grew surprisingly by 9.8% and 7.7% respectively despite constant pressure from petrol price hikes and the recent increase in the repo rate.

Table 1: Key Indicator Trends 2013-14 for eThekwini

EThekwini Municipal Region: Key Indicators	EThekwini Municipal Region: Key Indicators: 2013-2014							
Indicator	2013	2014	Change					
Gross Value Added (GVA)	R246,2-billion	R248,5-billion	0.97%					
(Constant 2010 Prices)								
Gross Domestic Product (GDP)	R270,5-billion	R273,0-billion	0.90%					
(Constant 2010 Prices)								
Gini Coefficient	0.63	0.64	0.01 % points					
Per Capita Income	R51,284	R55,727	8.67%					
GVA Average Annual Growth	2,2%	1,0%	0.2 % points					
Population	3,514,199	3,544,678	0.87%					
Geographic Area	2, 291km ²	2, 291km ²	0 change					
Population Growth	0,9%	0,9%	0 change					
Population Density	1 533 persons/ km ²	1 547 persons/km²-	0.91%					
Number of people below the food poverty line	752,873	780,017	3.61%					
Number of households	997,000	1,009,081	1.21%					
Urbanization Rate	84,5%	85,1%	0.6 % points					
Percentage of people in poverty	21,4%	22,0%	0.6 % points					
Annual Per household income (2010 Current Prices)	R180,765	R195,757	8.30%					
Human Development Index	0.62	0.2 8	0 change					
Annual Disposable income (2010 Constant Prices)	R133,277	R137,616	3.25%					
Tourism Spend	R12,9-billion	R12,1-billion	-6.20%					
Unemployment Rate	15,3%	15,2%	-0.1 % points					
Annual Expenditure	R184,1-billion	R202,2-billion	9.83%					
Annual Retail Trade sales	R53,3-billion	R57,5-billion	7.73%					
Total Exports	R60,7-billion	R68,0-billion	12.1%					
Total Imports	R128,7-billion	R91,4-billion	-28.98%					

Source: Global Insight/Economic Development & Investment Promotion Unit

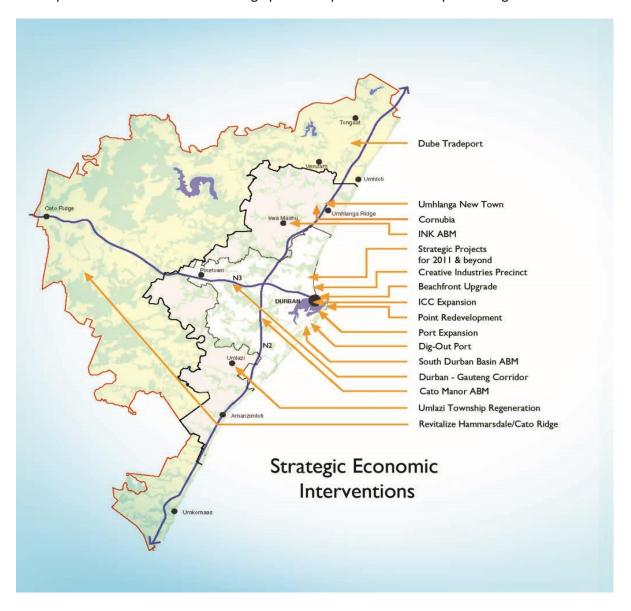
PROGRAMMES AND PROJECTS FOR PLAN 2

STRATEGIC FOCUS AREA (SFA): PROVIDE ECONOMIC LEADERSHIP AND INTELLIGENCE

This SFA is premised on the Municipality's leadership prioritizing the need for job creation and, in line with the national emphasis and mandate, takes a strong pro-investment stance and provides leadership that steers the city into a period of prosperity where unemployment is reduced and consequently the challenges of poverty and inequity are also reduced. This includes the provision of pertinent economic intelligence that helps decision makers in their decision-making processes. It also monitors progress and reports on issues such as job creation and investment inflows. Apart from information, there is the provision of economic analysis and opinions by experts as and when necessary. This is also supplemented by the re-establishment of the BPCC to drive investment and create a conducive business environment within the City.

The key actions here include unblocking developments; increasing support for strategic projects; expediting approvals for catalytic investments; securing funding for projects and more importantly,

ensuring progress on initiatives highlighted by key partners as strategic interventions in the local economy. Another key responsibility of the municipality will be to actively and transparently promote investment that is packaged or positioned for implementation. As part of this role, the eThekwini Municipality has actively marketed the region and its investments in order to secure partnerships for delivery and funding of projects. The critical success factor, however, is that of open and transparent decision-making, as well as common project planning for catalytic infrastructure projects. The City's Investment Marketing and Promotion programme will be driven by the municipal Units, Urban Renewal Unit, Durban Tourism Unit, the Economic Development and Investment Promotion Agency together with key partners such as the Durban Chamber of Commerce and Industry, Trade and Investment KwaZulu-Natal, as well as various sector development entities established through partnerships with the three spheres of government.



strategic Economic Interventions

Source: eThekwini Economic Development Unit

Programme 2.1: Provide economic intelligence and a strategic economic framework

Durban aims to become a 'smart city' by investing substantially in human and social capital, but this paradigm shift will require strong economic leadership. In essence, the city requires a set of influential teams of professionals whose power is derived from a variety of sources. Leadership coalitions should include senior officials, politicians, professionals and people with specific expertise. Leadership coalitions also provide greater accountability within the political caucuses to assist in unlocking these strategic executive decisions on key flagship projects such as port development; strategic land parcels that are positioned for development, sector specific projects, new economic sectors and key infrastructure platforms. It is further proposed that leadership coalitions be extended to business sector and business coalitions.

This programme is focused on a set of key project actions and decision-making support mechanisms to take the municipality from a situation of uncertainty to one where resource allocation can be confirmed and directed towards flagship investments that are able to provide a step-change in economic growth. In the last five years, several projects have reached a political and implementation impasse where there exist project limitations in moving into implementation phases. Additional projects include: Ensuring change management to improve the organizational culture towards investment and business, development of a City Brand, investigating a vehicle to drive partnership-based catalytic projects, and facilitation of SEZs.

These decisions include: the initiation of the Environmental Impact Assessment for the Port Expansion; Sale and Use of the Durban International Airport site owned by ACSA; the redevelopment of Clairwood and the Back of Port area; an Intermodal Park to support Port Expansion; investigating the establishment of a Special Economic Zone; future of strategic land parcels such as Block AK, the Centrum Site, Natal Command; lobbying for a National Broadcasting Centre; the location and establishment of an Automotive Supplier Park. Some of these strategic economic interventions are indicated in the map below.

Key features of this programme include alignment with institutional drivers outlined by the NGP (2010) such as more constructive and collaborative relations amongst state, business, and labour. In terms of specific initiatives by the eThekwini Municipality, this programme sets out specific attention required on key partnership projects with Transnet; PRASA; Public Works; the DTI; and ensuring ongoing dialogue with Cabinet.

The constant shifts in government policy environment calls for constant alignment of goals, strategies, plans and projects. Furthermore, the current economic and financial crisis has impacted on resources available for governments to effect change. The role of the Economic Development Unit is to align with the national policy packages and to further carve out the local interventions that can support these goals.

The Unit's Policy, Strategy, Information and Research (PSIR) department is tasked with the responsibility of undertaking relevant research on the local economy and developing policies and strategies that seek to encourage economic development and job creation both in the long and short to medium term. Guided by the Economic Development and Job Creation Strategy (EDJCS) developed by PSIR in 2013/14, in 2014/15, the department presented the state of the local economy to the City's management and further developed policies around preferential procurement for

priority population groups as well as on investment incentives. The Department also worked with other internal departments in developing strategies for innovation; maritime (bunkering) and waste recovery. The development of a strategy and implementation plan for Industrial land was a significant achievement and provided direction in terms of the City's approach to industrial land. Further to this, officials from the Department made input into and influenced a number of City processes as well as provincial and national initiatives including the ICDG (Integrated City Development Grant), BEPP (Built Environment Performance Plan), CSP (City Support Programme), ERLN (Economies of Regions Learning Network), City Catalytic projects, Aerotropolis and many others.



In terms of other research, the Department undertook a cost benefit study of the Cornubia Development to inform decision making as well as a manufacturing survey with the intention on informing local and national policy direction. Another significant study is the eThekwini Municipality Manufacturing Strategy that seeks to address the constraints to growth from the manufacturing survey in order to meet 3 overall objectives, namely: growing the local manufacturing sector; developing high-impact subsectors; and establishing a conducive environment for the sustainable growth and developing of the manufacturing sector. Following the development of the Manufacturing Strategy, a Manufacturing Action Plan or MAP, will be developed to guide the development of the various local manufacturing sub-sectors. This MAP will dictate the required responses to the most urgent needs of individual sub-sectors and will provide guidelines to address these needs. It is envisioned that through the development of the Manufacturing Strategy and MAP, the eThekwini Municipality and its key stakeholders will collaborate and co-ordinate their actions to contribute to the development and sustainability of the local manufacturing sector, and with this, create and sustain decent employment opportunities. Providing leadership and support in the manufacturing arena will remain a priority going forward into 2015/16.

The Department also sought to intervene in the area of innovation in order to stimulate local innovation and entrepreneurship and greatly influences the local economy towards promoting innovation and seeking to target the youth through innovation initiatives. This highly successful programme which has come to be known as Innovate Durban, is the first of its kind in the country.

As part of the Department's mandate to provide economic intelligence and discussion to assist decision making, the Department's brand called EDGE (Economic Development and Growth in EThekwini) released quarterly publications and seminars which were deemed by stakeholders to be highly influential. The EDGE has significantly increased the collection of local statistics and put forward critical debates on issues such as the Port Expansion, innovation, and the property market.

The informal economy was also targeted through the PEAPs programme through which communities were empowered through planning and support to ensure local job creation in targeted informal settlements.



EThekwini, as a city is placing much emphasis on engaging with the private sector to jointly contribute to sustained growth in all sectors of the local economy. In attempts to achieve its goal of growing the local economy from an informed position, the Municipality seeks to engage closely with stakeholders to provide context specific interventions and solutions thereby ensuring improved responsiveness and efficiency. Therefore, having spatial representation or location-based information will enable the City to engage in innovative solutions due to knowledge of the defined space within which the business operates. It will also enable the city planners and management to track sector specific information on a geographical information system so that the locational information is understood spatially. Another significant project relates to the synthesis of a comprehensive database to access relevant information on the commercial sector for informed decision making. An online database with the required software and licensing thereof is required. Access to the specific updated information will assist in forward planning, stakeholder interaction, project implementation and evaluation. Access to an electronic system with relevant software as well support services will give the Economic Development and Investment Promotion Unit an edge in spatially assessing the nature of its clients and the various sectors within which they function and provide support. The ultimate goal of access to information and improved knowledge of the business cohort will lead improved programmes and project intervention due to well informed decision making. The ultimate aim is therefore, growth in the region, increase competitiveness of industry

and creating more sustainable jobs, with a positive ripple effect on poverty alleviation in communities.



The Durban Investment Dashboard is a concept that was introduced in 2012 which attempts to identify key investment projects and track their progress with the aim of alerting the Deputy City Managers' (DCMs') Forum and Council on a quarterly basis of any delays hampering specific projects. The work thus far was presented during August to the City Manager and other members comprising the city leadership and was well received.

The creation of Special Economic Zones (SEZs) is a critical area of stimulating economic development in the City. Following the successful seminar and workshop on SEZs during 2012 and the KwaZulu-Natal Province's plans to include 2 SEZs for the eThekwini region, further work is being planned for in this key area.

The Industrial Land Study is an initiative which aims to address and bring an informed response to the challenges related to the shortage of industrial land. A draft Industrial Development Strategy was also developed, in order to specifically identify industrial sectors requiring support and the nature of support to be provided.

The Economic Development and Job Creation Strategy 2013-2018 was finalized and approved by the Economic Development and Planning Committee during 2013. It was also presented to a Public Forum consisting of both Public and private sectors and was well received. At present the Economic Plan is being compiled in order implement the significant recommendations from the Strategy.

The Dept. also produces an annual State of the Economy Report and monthly reports to the City's Finance and Procurement Committee highlighting key global, national and local issues affecting the economy.

Programme 2.2: Best Practice Commission

The original establishment of the BPCC was a well-recognised process, and given the current challenges facing the City, it is thought that many of the recommendations presented in the original assessment are still relevant. The City has commissioned a review of the BPCC study (1999) with the outcome of implementing the new commission recommendations and to support the commission. These form crucial projects of this programme, along with the role of the commission to improve the business environment, and create an environment conducive to investment, further education, training and retention of skills.

STRATEGIC FOCUS AREA: FACILITATING PRIVATE SECTOR INVESTMENT AND PARTNERSHIPS

A key change in the approach of the Municipality is the way it approaches and interacts with investors. This has been a major weakness in previous systems where strategic investors are forced to follow queues, spend lengthy periods of time where applications are being processed and have applications refused on the basis of a comment by an official within a particular department at an operational level. Decisions on major investments must be made strategically, giving due consideration for technical issues.

Programme 2.3: Facilitate private investment and Partnerships / Investment Promotion and Facilitation

The facilitation of private sector investment is critical in ensuring economic growth and development occurs within the City. This relates to both investment development as well as local business support. Some of the relevant projects that give life to this programmes are creating and facilitating new investments in both previously disadvantaged and currently constrained areas, identifying and packaging new investment opportunities in the manufacturing, Green Economy & services sectors, developing an investment project pipeline in partnership with the private sector, unblocking existing applications for industrial development, and monitoring and reporting to the DCM quarterly on investments greater than R50m and blockages. In addition, importance is placed on the roll-out of BR&E Programmes, partnerships with organised business structures, key client aftercare and engagement, and flagship investment project support.

A key programme is development facilitation support throughout the physical investment services offered by the Investment Promotion Unit with the ED&IPU. Specific attention and support will be provided to developers in ensuring a smooth development application process involving commenting and feedback from line functions. Taking its lead from the international and South African prioritisation of fixed capital investment promotion and facilitation, this programme revolves around interventions to attract new domestics and foreign direct investment. The core outcomes will be job retention, job growth, and new revenues for government to use in accelerating core infrastructure and service delivery. In addition, the programme aims to offer new empowerment opportunities, bring in newer business technologies and processes, and contribute towards growing export-led development. This then prioritises the localised implementation of the new PGDS/PGDP, specifically driving elements of Provincial Plan Strategic Goals 1, 4 and 5, whilst supporting Strategic Goals 6 and 7.

The 2 main investment promotion and facilitation projects that give effect to these Strategic Goals, plus the KwaZulu-Natal Investment Strategy are namely:

Investment Promotion and Marketing

Foreign Investor Attraction and Support

The other aim of this programme is to institutionalise a set of pro-development responses for private sector fixed investment in the region. The main focus areas include investigating the application of various-business friendly tools such as rates holidays; the declaration of special rated zones / precincts; urban development zones; urban improvement precincts; special rated building typologies such as green buildings; access to national incentives; access to indirect incentives such as sector support and business support programmes including marketing support provided through TISA and locally accessed through Trade Point and Trade and Investment KZN, plus eThekwini's own investment promotion team.

The department has played a key role in engaging with organized business structures, viz. the DCCI, the KwaZulu-Natal Growth Coalition, the Institute of Directors, National Treasury and the various Industrial Clusters (such as the Durban Automotive Cluster, Durban Chemical Cluster, etc.). The Department recently concluded and operationalized the strategic Memorandum of Agreement with the DCCI to formalize and better plan for shared business agendas around Durban Investment Promotion plus other economic interventions. This will be activated and extended into the new financial year.

Foreign direct investment attraction and support is on-going as per the refreshed Foreign Investment Targeting Strategy and Action Plan. Support is provided to inbound foreign Investor delegations from Korea, various African countries, Japan, Germany, UK, USA, China, India, Poland and Reunion, amongst others. Outbound Missions have been organised to Germany, Poland and Switzerland.

In the Green Economy, significant impacts have been made in partnership with the Energy Office utilising the joint KSEF (KZN Sustainable Energy Forum) platform with over 500 businesses becoming Members. The Forum took decisions in partnership with Council to further formalise the structure into a public-private partnership (PPP). Additionally, new ocean current renewable energy partnership projects have been formed with a USA-SA Investment Consortia, with demo units expected to be installed under sea this forthcoming year.

Investment promotion and marketing initiatives were undertaken. In addition, business and investment events were supported and in some cases co-ordinated. In/Outbound Missions and exhibitions/conferences were supported and in some cases co-ordinated. Print Advertisement plus Electronic media channels have been used to increase awareness of the City and specific opportunities for Investment. The Marketing Strategy is Investor focused and targeted, and is increasingly making use of electronic media and social networking capabilities.

Lastly, the New Investment Development activities helped to connect larger Investors and their projects or businesses to smaller, BBBEE Partners. In addition, more rural investment partnerships and linkages were formed. Successful introductions were delivered for LIV Village Business, Busiswa

Group, Toyota SA, City Couriers Group, Ingabadi Group, Bella and Boo Frozen Yoghurt, and Flying Arrow amongst others.

STRATEGIC FOCUS AREA: FACILITATING DEVELOPMENT IN PRIORITY NODES AND CORRIDORS

This strategic focus area aims to fast-track the development rights for projects that meet multiple goals for economic development and social integration. These projects are based on New Urbanism principles that aim to reverse the effects of the Apartheid city, but creating all-inclusive live, work and play environments within a racially segregated municipal area. The key tenets of this programme are that of inclusive settlements and sustainable residential densities alongside mixed-use business activities and recreational uses.

In terms of regional development, focus will be on the Cato Ridge-Mkambathini region through to Pietermaritzburg as well as the Umswati-KwaXimba region. Further north, areas such as Verulam and Tongaat share regional economic linkages with Ndwedwe and the KwaDakuza municipality. The Southern Municipal region has strong linkages with the Vulamehlo and Umdoni municipalities in terms of agriculture, rural communities and coastal tourism linkages. These regional corridors are priority corridors of the Provincial Spatial Economic Development Strategy and dedicated attention is required to unlock these economic regions. In the Outer West, the main emphasis will be on unlocking the Durban-Pietermaritzburg N3 freight and port support corridor and in the north the effort will be around unlocking airfreight opportunities. In the South, effort will be on revitalizing coastal opportunities and identifying manufacturing synergies in both municipalities. Areas such as KwaXimba, Molweni, Zwelibomvu in the Outer West; Hambanathi, Hazelmere, Amaoti in the North; Umkomaas, Umbumbulu in the South; will require improved economic and social infrastructure, such as public amenities and facilities and ICT infrastructure.

Specific programmes are promotion of investment in priority nodes and corridors, ensuring township development, and inner-city revitalisation.

Programme 2.4: Promoting investment in priority nodes and corridors and ensuring Township Development

The intention of maximizing on the utilization of public sector resources has increased significantly in the wake of slow global economic recovery; placing tremendous pressure on limited government resources. South Africa's National Treasury has finalized a blueprint for the allocation of infrastructure resources that increases the impact in areas noted for high residential density, namely integration zones. Local government is then under an obligation to finalise a *Built Environment Performance Plan (BEPP)*, in order to access government grant funding for infrastructure.

2.6.1: Strategic Township Developments

EThekwini Municipality has, in partnership with National Treasury's NDP programme, finalized the *Urban Networks Strategy (UNS)* as a means of prioritizing capital and operating resources aimed at attracting private sector investment into townships to redress the legacy of apartheid and achieve social cohesion. The Urban Networks Strategy prioritizes three of eThekwini's townships, namely Mpumalanga, Umlazi and the Inanda-Ntuzuma-KwaMashu (INK) area.

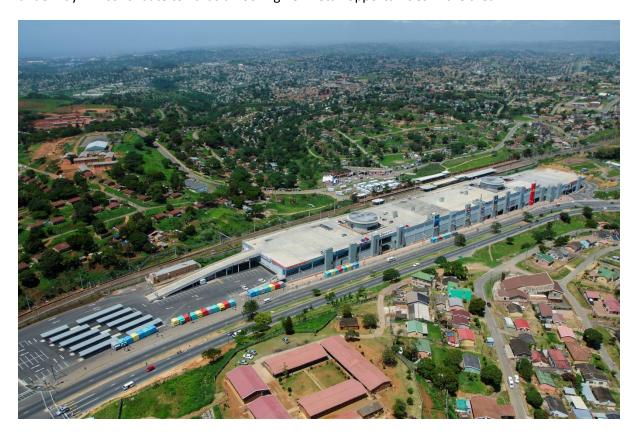
Mpumalanga

Mpumalanga Township forms part of the greater Hammarsdale Regeneration Programme; and a Memorandum of Agreement (MOA) between eThekwini Municipality (eTM) and the South African National Road Agency Limited (SANRAL) has been signed, with the purpose of upgrading the interchange at MR 385 and the N3 highway. The upgrade of the interchange facilitates the revitalization of Hammarsdale- and Mpumalanga Town Centers, whilst at the same time unlocking new private sector opportunities for logistics and warehousing.

Umlazi

uMlazi has two priority nodes - uMlazi-V (greater V-node) and uMlazi-D (KwaMnyandu).

At uMlazi V there are four sub-categories: Reunion, eZimbuzini, Sibusiso Mdakane road and the uMlazi Magistrate Court. Detailed designs have been finalized for Sibusiso Mdakane Road in order to manage better the conflict between motorized and non-motorized traffic at the intersection of and in the vicinity of Griffiths Mxenge and Sibusiso Mdakane Roads. Furthermore, traffic interventions underway will contribute towards unlocking new retail opportunities in the area.



KwaMnyandu Mall

Informal traders are operating from the recently completed trading facilities at eZimbuzini; and the precinct plan, that will integrate Reunion into eThekwini's integration zone, is being finalized.

At the KwaMnyandu node a pedestrian bridge, across Griffiths Mxenge Road, is being finalized in order to increase safety for public transport users, whilst at the same time increasing the informal trading opportunities in the area.

KwaMashu

The Furniture Incubator, located near Bridge City's lower platform, is at an advanced construction stage and once complete will afford approximately 20 SME's an opportunity to manufacture furniture that can be distributed and sold in South Africa and the SADC region.

2.6.2: Town Centre Renewals

Isiphingo's public realm upgrades, provision of informal trading facilities and improvement of motorized and non-motorized linkages is progressing well. Earlier land legal challenges have been subsequently resolved and there is significant progress with regards this town Centre or secondary CBD; that services eThekwini Municipality's southern hinterland region.

2.6.3: Tourism Nodes

The coastal strip of eThekwini has been earmarked as an area of opportunity to create integrated tourism, recreational and sustainable economic initiatives. At uMhlanga beach, the Life Guard Tower was upgraded to acceptable safety standards, so as to encourage aquatic safety for local bathers. At Warner beach; Andrew Zondo road's public realm was upgraded, with the necessary landscaping and storm water maintenance.

In uMkhomazi; Brad, Bisset, Moody and Reynolds streets have been upgraded so as to improve the retail experience at beach node and town Centre. Project preparation for Bluff and uMgababa beaches has been finalized; and the necessary authority is being sought in order for these projects to be implemented in the current and future Medium Term Expenditure Framework (MTEF).

2.6.4: Sector Support

Various intelligence and market analyses are being conducted in order to support SME's in diverse sectors for the provision of retail and office space for SME's to ply their trade. Such as retail shopping Centre developments have attracted national retailers into townships and secondary CBD's, for the benefit of local consumers - there is also a need to promote SME's that trading in auto repairs, fitment centers, security gates, kitchen cupboards, etc., in order to stimulate local enterprises.

STRATEGIC FOCUS AREA: ENTERPRISE AND SECTOR DEVELOPMENT

This Strategic Focus Area comprises of the following core programmes: facilitating industry skills and economic inclusion, enterprise development, trade and sector development, managing the bulk fresh produce market, and managing the informal economy. As such, this is a critical focus area and the City must ensure that the key projects relevant to each programme are sufficiently budgeted for, are implemented effectively, and monitored and maintained to review successes and failures.

Programme 2.5: Stimulate key sectors that promote economic growth and create jobs through providing support for prioritised sectors

This programme leverages off the local manufacturing base comprising clothing, textiles, furniture, automotive, chemicals and maritime and logistics industries. It is in line with the national industrial policy framework and incentives programmes where support is afforded to all sectors prioritised by National Government's Industrial policy including manufacturing, services, logistics, creative industries, construction, arts, craft and cultural industries, film and media. In addition, the programme focuses on promoting export-led growth to support the further development of the Durban Port development programme. The approach followed is to support co-funding initiatives by private and public sectors such as industry clusters, joint action groups and export councils recognized by all spheres of government and contained within the National Industrial Policy framework.

The programme is also aimed at protecting threatened sectors; harness opportunities from labour intensive growth sectors and upgrade capital intensive sectors in line with national industrial policy framework and incentives programmes. It is also aligned to Customised Sector Programmes adopted by the DTI; the KZN Industrial Strategy and Spatial Economic Development Strategy; and local sector strategies in order to derive maximum support for local sectors.

Sector Support is undertaken by the Programmes Department of the Economic Development Unit. The sector support programme has supported a number of Cluster Initiatives (CIs) since 2002 as part of government's strategies and initiatives to support private sector competitiveness, investment, transformation, job retention and/or creation. The general purpose of CIs is to promote economic development within the cluster by improving the competitiveness and growth of one or several specific business sectors.

The programme has funded and provided other support to the following Cluster Initiatives:

Waste material recovery Cluster: USE-IT

The Department of Trade and Industry (DTI), recognizes that the waste management and recycling sector also has significant potential to promote SMME development and employment creation opportunities, through interventions such as organized waste collection systems, beneficiation of waste as an input resource and manufacturing of new products from recyclables"

USE-IT is the trading name for the eThekwini's Waste Material Industrial Cluster. This initiative is one of the Unit's responses to the call for development and growth of Green Industries. Within eThekwini, there is a fledgling industry in waste with about 90 companies in the public and private sector involved in waste recycling, waste beneficiation, waste management and waste services provision. Further, research demonstrates that recycling generates significant economic benefits around the world. Recycling employs low, medium and highly skilled workers in a variety of jobs from materials handling and processing to high quality manufacturing. The drive for efficient handling and use of recycled materials spurs innovation, a key to long-term economic growth. Investments in recycling equipment and the companies themselves also filter through the economy and contribute to economic growth. Therefore, with consistent support from the Municipality, USE-

IT initiatives have the potential to contribute to the stimulation of green economic growth and sustainable job creation within eThekwini.

USE-ITs activities focus on economic, social and environmental benefits to eThekwini Municipality. These include job creation, saving air-and water-quality, conversation of natural resources and income growth for unskilled and skilled employers.

Progress to Date Of the Material Recovery Cluster (Use-It) Programmes

USE-IT has been successful in most of its project focus areas. Since one of the key achievement criteria is facilitating employment opportunities, USE-IT's efforts have facilitated approximately 93 full time equivalent (FTE) employment opportunities per annum and 441 part-time (PT) employment opportunities per annum; over the last four years. Cumulatively this has been approximately 370 FTE from July 2009 to June 2014 and 1760 PT employment opportunities over the same period.

Below is an annual breakdown of the employment opportunities, facilitated by USE-IT, per project / enterprise; FTE being full time equivalent and PT being part-time employment opportunities:

Project Description	2010-	2011	2011-2	012	2012-20)13		2013-20)14
Compressed Earth Block Project	11- FTE		11- FTE		32- FTE		54 PT	32- FTE	98 PT
Plastic Roof-tile Manufacture	68- FTE	200- PT	92- FTE	300- PT	42- FTE	1030- PT		42- FTE	1030- PT
Printer Cartridge Recycling	3- FTE		5-FTE		18- FTE			10- FTE	
E-waste Recycling project	6- FTE		6-FTE		6-FTE			7-FTE	
Aqua Harvester Project	3- FTE		3-FTE		3-FTE			3-FTE	
Polystyrene recycling	5- FTE		5-FTE		5-FTE			5-FTE	
PCV Banner Recycling Project					9-FTE			9-FTE	
Tyre tube up cycling project					6-FTE			6-FTE	
Recycle Connect-						168 - PT			68-PT
North coast Rd recyclers								23- FTE	
uKewanje e-waste recyclers								12- FTE	
Siyanda Recyclers								11- FTE	
Nutrimed Earth								10- FTE	
Marianhill Recycling Centre								2-FTE	

Project Description	2010-2	2011	2011-2012 2012-2013 2013		2012-2013		2013-20)14	
Javco plastics recyclers								7-FTE	
Enviro timbers								14- FTE	
Cumulative Subtotals	96- FTE	200- PT	122- FTE	300- PT	121- FTE	1198- PT	54- PT	193- FTE	1196- PT
Total					93 FTE per annum and 441 PT per annum		41 PT		

This indicates that USE-IT has a potential to substantially increase this figure in the next funding period as expected. USE-IT has ambitious plans to further access the waste currently land filled in eThekwini and expand its efforts into untapped waste streams facilitating the creation of at least an additional 100 FTE employment opportunities per annum and 300 PT employment opportunities per annum.

Leveraged Funding

Description	Operational Funds	Capital Funds
eThekwini Municipality	R10 500 000	
Leveraged Funds		
Green Fund		R29 000 000
Jobs Fund		R7 820 000
eThe eThekwini CEB Matched	R1 940 000	
fund to Jobs		
Fund		
TIKZN	R 500 000	
Unilever		R 750 000
Total	R12 940 000	R37 570 000

In the previous 6 years to the end of June 2015, USE-IT has shown that additional leveraged funding have given the organization a gearing ratio of 3.9:1 on investment from the Municipality. An almost 400% return on investment for the city proves that recycling and waste beneficiation is a valuable strategic investment in employment opportunities, that eThekwini has made. A breakdown of this leveraged funding is given below:

USE-IT has already started fundraising from local development grant funding, corporate social responsibility opportunities, enterprise development funding and international funding agencies. The organization has recently secured a R12,000 grant from Google to advertise its offerings to potential funders.







EThekwini Edamame Development Programme (EDP)

The Edamame Development Program (EDP) was set up to establish an Edamame soy bean industry in South Africa, based in eThekwini. The EDP is jointly funded by eThekwini's Municipality Economic Development and Investment Promotion Unit (ED&IPU) and the Jobs Fund. The program intends to maximize financial returns for emerging partner farmers, build a quality local supply brand and identify and supply domestic and export market opportunities.

The scope of this programme includes a large research component which seeks to confirm Edamame as a viable new crop type in South Africa, hence the establishment of the Marianhill Research Farm. Products from the Research Farm and external contract growers have also been processed for health markets that include Woolworths.

The programme aims to facilitate the creation of sustainable jobs and improved emerging farmer opportunities within the agriculture sector, by developing a new crop industry in the country. A secondary objective of the programme is to encourage the planting and consumption of Edamame by community growers and homestead growers of an affordable high quality 'super food' protein source.

Progress to date of the Edamame Development Program 2012-2015

The EDP supports both larger emerging farmers and smaller homestead growers. To date 85 emerging farmers, often working in larger cooperatives have been engaged to supply Edamame to the program through contract crop program (49 of these will commence with Edamame plantings in 2015 season). These emerging farmers are supported throughout the year with farm plans, capacity building and limited support mechanisms (e.g. Procuring of Fertilizers and equipment in bulk to save the grower costs through bulk buying efficiencies).

In addition, 265 homestead and community gardens have been actively engaged and mentored as jobs as defined by The Jobs Fund (a current funding partner along with eThekwini Municipality). Similarly to the emerging farmers, these individuals are base-lined and serviced throughout the year but do not sell Edamame to the program and are encouraged rather to boost homestead food supplies and improve quality of production.

The success of the existing program can be measured within the following key areas:

Engagement and supply to Woolworths South Africa.

2 full seasons of production learnings

Valuable research

A low care Processing Facility established (to be audited by Global GAP- SGS and Farming for the Future in Dec 2015) leading to a facility that has income generating capacity.

Growth and experience of sustained farmers, key role players and potential to expand.

Leisure and Tourism sector development

This has been started as a new tourism sector development process, with the intention of bring together Leisure, entertainment and tourism industry role-players to develop and drive the implementation of sector development initiatives.

The intended plan could not be realised due to the inability to secure human capacity - it was intended initially that a Project Officer from the Business Support Unit would join EDIPU through the Cluster restructuring process. When this fell through efforts were made to recruit someone, however this process was stopped, due to a City level moratorium on new appointments. Another reason was the withdrawal of budget - in light of the former, and due to a funding crisis for the ongoing Durban Green Corridor (DGC) initiative, occasioned by the unilateral cancellation of EPWP funding, 90% of the annual budget was diverted to sustaining the DGC.

However, in spite of the above constraints, the following was achieved:

Engagement from January with the Durban Tourism initiative to address the question as to why Durban has very limited nightlife and so many facilities are being closed early during the week days. The outcome was firstly to focus on stimulation of the Florida road and Davenport Road entertainment districts. Secondly, that the initiative would be taken over by the EDIPU Leisure and Tourism sector programme.

Following the above, work has been done with the Florida UIP and internal stakeholders to start an e-City initiative and address Florida Road in partnership with the UIP.

An under R200, 000 initiative was started with a consultant, focussing on drawing together leisure and entertainment role-players to address the above mentioned concerns. This process is on-going and will complete in November 2016 and will be superseded by a second phase.

Durban Green Corridor Eco-Tourism Development

Overview

The financial year was characterised by growth and consolidation of the Durban Green Corridor, in regard to the development of sites. Organisational capacity and operating systems as well as new developments regarding the initiation and sustainability model and new projects concerning non-motorised transport and Cornubia.

The programme has continued to operate throughout the uMngeni River Valley and the uMhlangane Green Corridors sub programme, which operates throughout the uMhlangane River Catchment (INK area through to River Horse Valley).

The Programme aims to achieve holistic outcomes through an integrated people centred approach to development, aligning with the vision of eThekwini as Africa's most liveable city. The three levels of strategic intervention are:

To invest in our green assets to improve quality of life in eThekwini

To invest in infrastructure and programmes to empower our youth

To invest in infrastructure and stimulate the outdoor leisure and eco-tourism sector

Institutional development

2.1 Implementing agent

The Programme is led by the EDIPU and implemented through a Memorandum of Agreement with the Duzi uMngeni Conservation Trust (DUCT) in terms of Section 67 of the MFMA. This agreement terminated at 30 June 2015 but is being extended for a further year. During the past year, DUCT, at the direction of the Municipality, has facilitated the establishment of the Green Corridors NPC, which is intended as a Special Purpose Vehicle to carry forward the implementation of the DGC Programme on an eThekwini wide basis and under the governance of Board that is reflective of the eThekwini community. While DUCT remains the funded implementing partner for the coming year. A relationship will be established between the two NGO structures whereby the governance function will be progressively transferred across with the Green Corridors NPC acting in an agency role on behalf of DUCT.

2.2 Operational developments

At an operational level the following key developments occurred during the past year.

2.2.1 Operational management and reporting

A management and reporting system has been substantially developed. Each DGC functional and site manager produced monthly written reports and attend a monthly series of management meetings. From this the General Manager: Finance, Administration and Human Resources compiles monthly narrative reports as well as financial reports that closely tracks actual income and expenditure against budget. These reports are signed off by the Chairman of the DUCT Board and submitted monthly to the EDIPU in compliance with Section 67.

Related to this management and reporting system there has been substantial development of the second level management capacity within the organization. As a result the main DGC sites at the Green Hub, KwaDabeka, Inanda and Isithumba are being increasingly managed at a local level. While this has presented some challenges, the local (including community stakeholder) ownership has been improved, while the challenge has been to develop site managers' capacity and to ensure performance.

2.2.3 Human Resources Management

The past year has been challenging. On the one hand DUCT set out and achieved the objective of having all staff contracts and statutory employment requirements up to date, as well as ensuring effective time sheet, and disciplinary management. Policies and procedures have been substantially overhauled. On the other hand the organization underwent two major downsizing exercises, firstly due to the sudden termination of the EPWP budget 3 months into the year and secondly due to the termination of the INK ABM funding for 2016, as late as May. This constrained the budget in terms of unplanned retrenchment and leave pay-out costs. In addition substantial organization resources had to be challenged to conflict management with protesting staff, community stakeholder consultations, redrafting an agreeing on new employment contracts, which in some cases are only six monthly contracts due to funding uncertainties.

The outcome nevertheless, is that the DGC organization is now on firm footing.

2.3 Capacity building and training

- 2.3.1 A computerized booking system was introduced that operates from the Green Hub, covering all sites and tourism products. This also permits accurate reporting of visitor numbers and revenue generation. A number of staff have been trained to operate the system.
- 2.3.2 The DGC website and Facebook page have undergone substantial redevelopment and have been more actively maintained, resulting in a much improved profile for the programme.

2.3.3 Technical skills development

Four nature guides have been provided with further training through the Wilderness Leadership School. Three youth coaches have been on UCI (World Cycling Body) level one Mountain bike coaching course and thus have an international certification. The KwaDabeka Site Manager has been sent to Bremen, Germany on a 6 month work experience programme.

A skills development summary follows.

Description	Number	Туре
Nature guide	4	Wilderness leadership school
Athletics	4	International Athletics Federation Course, certified
Mountain bike coaching	3	International certified course
Alien plant control	112	3 day induction course and on-going field training
Herbicide application	2	Technical course, certificated
Brush cutter operator	4	Technical and safety
First Aid	12	Level one certificate
Tourism booking system	8	Software system operations
Pastel accounting	1	Software package use
fundraising	2	
Skills development interns	5	Public administration, sports management, Environmental management
University student placements	2	Eco-tourism
Student post grad projects	20	UKZN Leisure Sciences
International exchanges	1	KwaDabeka site manager on work experience in Germany
	2	German volunteers assisting local community projects
Total skills beneficiaries	182	
On-going work place development		In house technical and management skills for all positions.

- 2.3.4 Seven graduates have been placed within the DGC programme, through the eThekwini Skills Unit's Internship programme.
- 2.3.5 One volunteer from the German Weltwarts programme has been assisting with mapping and pre-project conceptual design work for the upgrading of various DGC site facilities.

2.4 Financial and Job creation summary

Although EPWP funding was withdrawn from July 2014 the programme is on track to have created 138 jobs for (88 FTE's) and enabled a further 67 jobs, from a budget of R8,000,932 in 2014/15 of which R1,367,778 was externally sourced. A further 54 environmental management jobs were saved by transferal to a separate DUCT project funded by the Department of Environment Affairs.

Project s	ite	Wards	Activities implemented	Staff
Totals	Sites 13	Wards 24	Total jobs Jobs after outsourcing and budget cuts	254 reduced to 138
DGC Hea	d office	All areas	Project management, HR, finances, procurement, marketing, reporting	8 to 6
Green Hu	ub	23, 25, 27, 34, 36	Site management, office admin, bookings, tourist information, tour guiding, event support, trail maintenance, River clean up, tourism products, environmental education	12
Kwadabe	eka	20, 92,	Site management, community welfare project	14

Project s	ite	Wards	Activities implemented	Staff
Totals	Sites 13	Wards 24	Total jobs Jobs after outsourcing and budget cuts	254 reduced to 138
agricultu eco-touri		38, 44	support, youth programme, environmental management, trails management, tourism product development, schools support, CTO cooperation, stakeholder management	
eNanda Adventui	res	3	Site management,, youth coaching, environmental management, trails management, tourism product development, schools support, CTO cooperation, stakeholder management	22
Mapheph	eteni	2	Site management, Youth coaching, tour guiding	12 to 2
Isithumb Adventui Mkhiswa	res &	1, 2, 4, 103	Site management,, youth coaching, environmental management, trails management, tourism product development, schools support, CTO cooperation, stakeholder management	19
eNanda Children ^a Wilderne		44	Site management, project establishment, environmental management, youth product development, tourism product development, schools support, CTO cooperation, stakeholder management (scaled back from July15 due to cancellation of INK ABM budget)	11
Ntuzuma housing	D	43	Site management, open space development and food gardening, environmental education (closed in October 2014 due to EPWP withdrawal)	31 to 0
Woza eN Urban Tr		56, 57	Site management, environmental management, tourism product development, schools product development, CTO cooperation, stakeholder management, local enterprise development (scaled back from July15 due to cancellation of INK ABM budget)	15
Expande City Gree Project		46, 47	Site management, community engagement, environmental management, youth coaching schools support, stakeholder management	22
Riverhors wetland a clearing	se Valley alien	11, 102	Site management, environmental management, , schools product development, CTO cooperation, stakeholder management, local enterprise development	21 to 15
Cornubia and cycle developm	e nent	102	Project establishment	0
uMngeni care tean		17 wards	Site management, alien clearing and pollution control (transferred to DUCT in October due to EPWP withdrawal	67 Outsourced

2.5 Financial summary

Sustainability and the development of the uMngeni Eco-tourism sites

During the past year there has been a strong emphasis on moving all visitor sites to a sustainability model that assumes:

On-going, though reducing levels of municipal funding, which would be focussed on non-commercial support activities – such as environmental maintenance and local sport and tourism related youth development

Establishing joint ventures through a public process, with commercial operators who bring in professional experience and ability to access a target market.

Equity arrangements that both ensure black economic empowerment and afford the programme the possibility of engaging local entrepreneurs.

3.1 Public Private Community enterprise partnerships

This process has been initiated at the Green Hub site, where a bike hire operator and a Coffee shop operator are being engaged. Preparations are underway for similar partnerships at the Isithumba Adventures site and the eNanda Adventures site. For the KwaDabeka Adventures site a vibrant partnership exists with local food gardeners and other community service CBO's and a Concept plan has been developed for a combined Agricultural, Eco-tourism and social services project.

3.2 Tourism product development, marketing and bookings administration

The past year has seen a substantial progress made:

3.2.1 Product development

The portfolio of products offer at the sites has been expanded, while the individual products have also been fine tuned.

Main new developments include:

A new birding trail between KwaDabeka and Inanda Dam, which features the rare Finfoot bird.

A series of walking trails between Gandhi Settlement and Ohlange Institute that targets schools and adventure travellers who wish to spend time in the community. Our intention is to create commercial opportunities for local entrepreneurs.

A new extended Inanda tourism route that adds a number of rural attractions and products onto the existing Woza eNanda Route"

The eNanda Children's Wilderness project at the Inanda Seminary which will simultaneously; transform a 7 hectare site into a nature conservation area and protect the source of two streams feeding the Gobhogobho River, create a unique edutainment facility for children and youth based on a "development through play in nature" concept and become an additional eco-tourism product on the Woza eNanda Route.

3.2.2 Marketing

The Durban Green Corridor printed media, website, face book page have undergone considerable updating, including improving the Google search connection. A new electronic newsletter and some well-placed magazine articles and adverts have all contributed to greater visibility and greater numbers of visits.

3.2.3 Bookings and Administration

An electronic booking system has been put in place that allows the Green Hub to service all products and sites and it contains the capacity for this service to be extended to other community based ecotourism products throughout eThekwini in the next year.

This system also permits a greater level of product management, including customer feedback and monitoring results. Report January to June 2015 is attached. It also permits online payments and accurate management of revenues being generated.

UMhlangane Sub-Programme (INK Area)

The uMhlangane sub programme arises from the Durban Bremen Climate Change Partnership, wherein the DGC is responsible for five sub projects. These include:

The Woza eNanda Urban Trail mentioned above, plus an environmental rehabilitation team that is cleaning up stream and open spaces, benefiting residents, improved river water quality and environmental health and creating a tourist friendly social and physical environment.

The eNanda Children's Wilderness, mentioned above, including an environmental rehabilitation team with the same benefits as for the urban trail project of stream cleaning and restoring natural vegetation and creating a tourist friendly environment.

The KwaMashu Youth Garden at F-Section, opposite Bridge City, that is working after school with 60 to 100 kids per day with various sport and arts.

The Expanded Bridge City Precinct Green Spaces project whereby:

Two environmental rehabilitation teams have been cleaning up the open spaces along the streams

A pocket part initiative is underway along one stream on the boundary of ward 46 and 47

Co-funded support from Germany has been secured to bring in an Integrated Expert to lead the project over the next two years and provide developmental support to local partners.

The framework has been put in place for a redevelopment project for the entire green space between Bridge City, KwaMashu A section and KwaMashu Town Centre.

The Riverhorse Valley wetland project, wherein the DGC has focussed on rehabilitation of the open spaces along Queen Nandi Drive in order to improve the quality of the wetland function. This has led to a modelling community engagement process for sustainable land use of urban natural open spaces.

Cornubia

Ground work has been laid for a third geographical focus on Cornubia and the Mhlanga River Green Corridor in 2015/16. Plans have been put in place for a 14 km mountain bike trail corresponding to

the Green Space footprint of Cornubia, to leveraging spend of this niche sports market to support environmental management and job creation in the area. Secondly with the support of the Go Durban programme, cycle development for youth in tow low income housing areas is prepared. Thirdly a high performance trails centre development is planned next to Marshall Dam that will serve as a further income generator, as well as providing an Olympic started BMX facility ahead of the Commonwealth Games.

Business Process outsourcing

The BPO initiative has been staggering, there was no financial support coming from the city to the industry. In 2013/2014 financial year a Section 21 not for Profit Company was registered with CIPC. This non-profit company will drive the BPO programmes and report on a quarterly basis to the city.

The industry stakeholder representatives have met with EDU&IP management to discuss the objectives and outcomes of the initiatives; which is to create employment and do capacity building among the youth. The implementation of BPO programmes has not happened due to some processes that need to be followed up by both the city and industry stakeholders. Stakeholder engagement is continuous with an intention to form partnership that will create employment opportunities for the youth within the eThekwini municipal area.

The focus of BPO initiative within the eThekwini municipal area is to facilitate skills development and create job opportunities for previously disadvantaged youth. Other objectives are to develop black African operators, develop Black African entrepreneurs and to transform the industry across the board.

Information Communication Technology and Electronics Strategy

The ICT&E sector strategy and implementation plan has been produced and submitted to the department during the month of December in 2014. The successful bidder to develop the strategy was KPMG. The process was completed; the ICT&E strategy and implementation plan document is done.

SmartXchange

SmartXchange has been performing accordingly as agreed in the signed memorandum of agreement document. The core programmes are being implemented; they built relationship with ICT industry and engage them in collaboration to address skills issue in the sector.

SmartXchange is an ICT incubator focussing on SMME's, in 2014 alone 44 SMME's created 307 jobs. The incubator continues to attract key strategic partnership; KZN Film Commission and Accenture are the recent strategic partners of SmartXchange.

The new partnership will see SmartXchange rolling out new training programmes for entrepreneurs, software developers, film and animation producers.

International Visitors

Russian Bank of Foreign Economic Activity representative- he came to gain insights into the governance and operations of the SmartXchange model of incubation

Shanghai delegation – the purpose was to establish business opportunities with SMME's based at SmartXchange

Hungary delegation – this delegation represented twelve companies associated with the innovation of Africa Society of Budapest. They were looking for partners in Sub-Saharan Africa to assist with development and commercialization of Hungarian Innovations and know-how transfer



Furniture skills development project

This project was involved in the skilling a total of 50 people (30 unemployed Learners and 20 businesses) in product based Furniture Manufacturing - Business formation and incubation. The other projects include; develop businesses and entrepreneurs in the furniture industry in eThekwini; provide furniture skills and services to communities were they reside; incubate the PINK Incubator; develop businesses and entrepreneurs in the furniture industry in eThekwini and provide furniture skills and services to communities were they reside.

The recruitment sessions have been successful, and have been phased. Seventeen learners are currently in training. The project was an unfunded mandate by the HOD to support the PINK Furniture Incubator Project. There was no money set aside within the Sector Development Operations Budget. The early parts of the project was difficult in securing the funding from NYDA, ABSA, SEDA, ITHALA were approached. Skills Development Unit through several engagements and project Concept documents decided to support the project.

KZN Furniture Initiative

The Institutional body acts as an Advisory Board. No funds transferred. Strengthening of industry competitiveness; regional lobbying facility; platform for linkages and access to programmes. 2 projects were delivered to the Furniture industry skilling a total of 27 people. Projects well received. Structure of delivery is too limited. Need to set up cluster infrastructure to make a significant impact.

Furniture Incubator

Construction of a Furniture Incubator in PINK (Phoenix, Inanda, Ntuzuma and KwaMashu Area). Strengthening of industry technical skills, technology and manufacturing. Innovative private partnership to build, manage and operate has enabled cost effective, fast and efficient development of the project. Initial construction Delays due to local community and Cllr demands. These were negotiated and a good rapport established. A community project was identified for upgrading.

KZN Fashion Council

Establishment and funding support for the Fashion Cluster in order to develop the industry. Strengthening of industry competitiveness; regional lobbying facility; platform for linkages and access to programmes. Engaging with industry through a new staff and Board. Funding received through SA Fashion Council. Capacity building project successful. Challenges with the appointment of the new MD. Individual did not deliver any programmes within the 6 months of probation, and resigned thereafter.

KZN Clothing and Textiles Cluster

Strategic support for the Clothing & Textiles Cluster in order to develop the industry. Strengthening of industry competitiveness; regional lobbying facility; platform for linkages and access to programmes. Core programmes highly beneficial to membership. World Class Manufacturing has successfully improved firm level efficiencies which has increased the productive capacity of C&T firms. CMT's need to be part of formal sector- integrated. Compliance and funds major negative factors.

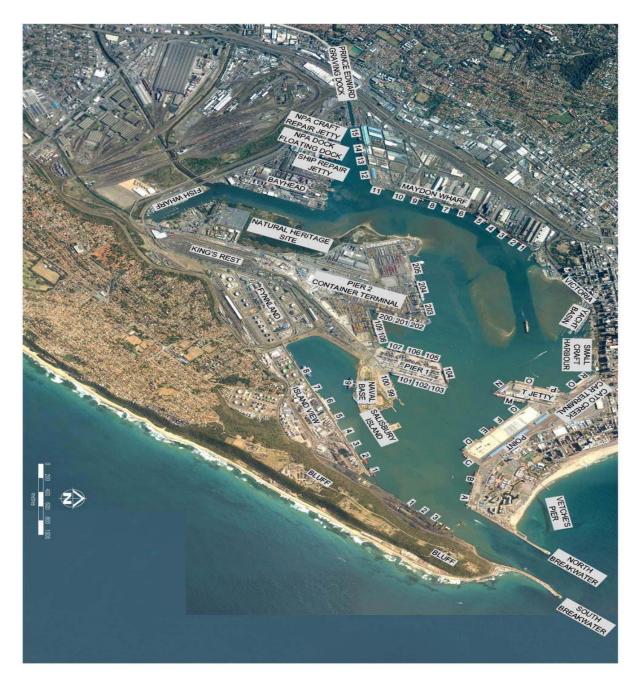
Fashion Hub/Incubator

Infrastructure Development for sector integration and development. Physical infrastructure to strengthen industry competitiveness; platform for linkages and access to programmes. High level stakeholder commitment (DAC, TIKZN, EDTEA) and the appointment of a Project Manager through Dept. of Arts and Culture for the establishment of the Fashion Incubator. Greater commitment from eThekwini, required to infrastructure and programme funds.

Maritime Industry Development Programme

The eThekwini Maritime Cluster continued to provide a platform the maritime Industry to engage, collaborate with other stakeholders and address issues of common interest. Over the year under review EMC implemented the skills development programme and created a portal for all the maritime training institutions, maritime careers booklet which was distributed to all the high schools offering maritime subjects, secured work placement for graduates, facilitated training of artisans for the ship-boat building training, managed to in collaboration with DUT, held the International Conference of Maritime Lecturers.

Cluster held its AGM on 18th June 2014. Partnerships with the DCCI, Transnet and the DTI have created a major breakthrough initiative relating to the Maritime Supplier Incubator Programme. Further to that the city successfully hosted the AIVP international conference of ports and cities and the theme was Smart port Cities.





Programme 2.6: Special-Purpose vehicle to support, market and promote the local film- and digital media industry

The Durban Film Office (DFO) is a Special Purpose Vehicle of the eThekwini Municipality, launched in 2003 and is mandated to position Durban as a globally competitive film city with a view to boosting tourism, job creation and the development of core skills and SMME's. Various initiatives relating to marketing and communication, outreach programmes and collaborative projects have been planned by the office.

The DFO's 2014/2015 activities focused on development initiatives that aim to promote the establishment of a motion picture and media hub in Durban that will expedite the development of local producers, the attraction of national and international funding bodies for critical skills training, and the creation of products for local and international consumption.

The key outputs of these projects will ensure capacity building and skills development of local producers, directors and screenwriters, increased export quality products from the continent and ultimately position the city of Durban as a center of excellence for the financing, sales, distribution and marketing of motion picture and new media products.



Live AfricaDocs Broadcast

Key Programmes include:

2.6.1 Durban FilmMart Programme:

Established in 2009, the Durban FilmMart is a market access programme that aims to create partnerships and further the development and production of African film content. This initiative is a joint venture between the Durban Film Office and the Durban International Film Festival, South Africa's largest and longest-running film festival and a flagship project of the Centre for Creative Arts, University of KwaZulu-Natal. This collaboration brings to Africa growth, recognition and the opportunity to develop strategic relationships between film financiers and African filmmakers. Over the past six years, the Durban FilmMart has worked with over 100 projects in development, and together with partner markets, festivals and funding organizations, has provided many of these projects assistance in accessing the global markets through developing industry networks and enabling projects to experience opportunities at partner markets and festivals.



Deputy Mayor with French Ambassador and eThekwini officials and stakeholders from the sector

2.6.2 Micro Film and Development Programme

Currently supporting the development and production of 14 local films, the Micro Film and Development Programme aims to support the production of local content in order to stimulate the economic and commercial capacity of the local film industry, and has been designed to recognize the different stages of professional development of local film-makers. The programme is supported by a professional training and mentoring process to develop local content that is commercially viable, and the first 10 films will complete production for market distribution in April 2016.

2.6.3 SCOUT Programme - Film Location Development

The Durban Film Office recently developed a training programme for young, emerging filmmakers to acquire skills in the field of location management and film services. Location scouting / management plays an important role in the film and commercial production value chain. Location scouts are vital in the preproduction stages of a film and play a key role in attracting productions to the region. The 2014/2015 programme provided eight young individuals with an intensive 4-week training programme, inclusive of on-location practical and theoretic classes, as well as accredited training in basic firefighting and health and safety awareness. The eight participants are now part of an ongoing internship programme with local location companies to ensure that they continue to integrate their skills and service offerings into main stream industry.



Scouts Awards

2.6.4 Durban Visual Effects Hub Feasibility

The past ten years have seen the media industry across the globe experience exponential growth, with the commercial and film segments as well as music and internet segments experiencing the most growth. Within this growth, although small, the visual effects segment has seen gains of its own; it is estimated that by 2016 the global visual effects industry – animation and gaming – will be worth \$242.92-billion (= R2,69-trillion). Technological advances in digital design software and hardware have enabled other mediums beyond feature films to use visual effects, for example 2D to 3D conversions, commercials and other alternative industries such as architecture – architectural rendering, and simulation – mining, aviation, construction and military training simulations. This expansion of the visual effects industry clearly indicates the scope of growth and possibility within the industry. The overall purpose of the study was to 'determine the feasibility of development of a

Visual Effects Hub in Durban as a critical intervention for the creative industry in Durban, in order to maximise the growth, development and integration of the value-chain of this sector to be more competitive in the local and international markets'. The study was completed in June 2015 and final recommendations for possible interventions to grow this sector in Durban will be presented and packaged during the course of the 2015/2016 financial year.

Programme 2.7: Managing the Bulk Fresh Produce Market

Programmes 2.8: Enterprise Development / Managing the Informal Economy and Facilitating Industry Skills and Economic Inclusion

The custodians of this programme are the Business Support, Markets and Tourism Unit.

Business Support

Small businesses are vital contributors to the health of the economy and offer a diversity of opportunity in our Society. Small businesses boost productivity, increases competition and innovation, creates employment and prosperity, and revitalizes our communities. The Small Business Support Unit creates an enabling environment to help people to earn a living and rise out of poverty and in turn over time they create jobs as well as empower other individuals and the communities in which they live. Moreover it encompasses access to finance, entrepreneurial skill development, enabling the start-up of small businesses to providing business skills development through training, mentoring, coaching. It offers operational assistance to small, black-owned enterprises, which is also a core component of the SA Government's BBBEE strategy and globally recognised as an effective way of reducing poverty.

Through this Unit a platform is created for women-owned and youth-owned enterprises to develop into sustainable businesses. There is also a platform created for sector programme such as construction, tourism development, arts and crafts and the ICT sectors. Access to markets are facilitated through the Exhibitions and Fairs as well as a Business Linkages Programme, however, there is room for more opportunities through preferential procurement policies. Research and the development of policies and strategies are critical to the growth of small businesses and further to Governments proposed strategy of partnerships; the Unit develops strategic partnerships for the purposes of engaging the private sector for both their resources and expertise in the development of SMMEs.

These initiatives are directed at the informal economy and smaller enterprises to provide a way for these businesses to grow and prosper, provide a way for small traders or craftsmen to legitimise their activities and move up the ladder towards becoming a large trading enterprise, provide employment for many people, and enable businesses to compete at a global level. These programmes assist in the delivery under the third strategic pillar of the PSEDS, specifically broadening participation in the economy. They programme also provides assistance in the establishment of retail business and the financing of Local Business Service Centres (LBSCs). It also provides business support to the construction and ICT sectors. It also strives to forge links with the Durban Chamber of Commerce and Industry in an attempt to establish strategic partnerships and promote access to finance for entrepreneurs. This Unit seeks to provide and maintain existing

infrastructure that act as means of support for entrepreneurs. It also ensures the enforcement of the relevant Informal trade and municipal market by-laws and market policy.

The Unit also facilitates the management of the informal trading sector, especially street trading which is a demanding task involving demarcation of trading areas, issuing of permits, organising traders into area committees that feed into a citywide forum, and on-going collection of rentals. Coupled with this, is the necessary enforcement of regulations and by-laws in conjunction with the Metropolitan Police, as well as negotiations and dispute resolution where the interests of residents, traders and the formal economy come into conflict.

The following are some of the programmes undertaken by the SMME Development branch of the Business Support Unit:

Strategic Partnerships

The strategic partnerships programme offered by the Unit is aligned with the strategic focus of the National Economic Development, which emphasises the need to increase levels of coordination and coherence to avoid unnecessary duplication of resources and enhance the service offering. The unit entered into several strategic partnerships with over 25 entities and includes the following: Old Mutual; Enablis; Financial Institutions (ABSA, FNB, Ithala, Nedbank and Standard Bank); Anglo American; Shell Live Wire; Deloitte; Shanduka Black Umbrellas; Transnet; Sapref; Unilever; Raisecorp; Toyota, Technology Innovation Agency; International Labour Organisation, University of KwaZulu Natal; Bosch; Plascon, Artisan Development Academy; Tourism Enterprise Programme; Eskom; Fiat, Mac; ABI and Invotech.

Strategies and Policies

The Access to Finance Strategy has been developed and the unit entered into MOU's with 7 Financial Institutions.

Markets Policy was approved and implemented.

Community Tourism Strategy was finalized and implemented

SMME Impact Assessment Study was finalized and implemented

The Enterprise Development Strategy was adopted and implemented.

Access to Finance

The primary objective of the Access to Finance Programme is to develop and empower SMME's financially in order to avoid such failure, and thereafter enable them to access finance from financial institutions. The programme's secondary objective is to act as a conduit for banking institutions in South Africa to engage with the Unit in order to provide innovative financial and non-financial assistance to SMME's. An amount in excess of R10m in loans was secured from ABSA for the emerging and informal businesses. In 2013/14 we engaged NYDA, NEF, SEFA ,Enablis and SARS to assist our SMMEs with non-financial support .

In addition the following were achieved:

Conducted SMMEs outreach - 120 SMMEs attended

Engaged NYDA, NEF, SEFA , Enablis and SARS to assist our SMMEs with non-financial support - 150 SMMEs attended

Also have engaged CDBA and NACFISA in mentoring the Savings/Stokfel clubs -Two groups have registered as CFI (Cooperative Financial Institutions); One Financial Cooperative (KZN LADIES) won an Award

Access to Information

The unit held several empowerment workshops with the objective of giving relevant business support to emerging entrepreneurs and existing business owners.

125 BEE Workshops

The unit held 10 empowerment workshops in the following areas:

Makhutha, Magaba , Mkomaas, Matata, Hazelemere, Maphephetheni, Cato Crest, Chesterville, Mzinyathi and Ntshongweni

The unit also held 3 Business Indaba's in the following areas: Pinetown, Mega City in Umlazi and Bridge City in KwaMashu.

Durban Business Fair Gala Dinner was attended by 750 guests and sponsored by Transnet. The fair received over R2, 3m worth of sponsorship and 14,000 visitors. The fair hosted businesses from the Sister Cities and was attended by international Mayors from Bulawayo, Zimbabwe and L'e Port, Reunion Island. The programme was given a makeover and rebranded.

Support to Enterprises

Through integrated support services, the Support to Enterprise programme is designed and aimed at facilitating skills development, mentorship, coaching and support to business enterprises. These would range from survivalist, informal business, formal including women-owned SMMEs respectively. The programme started in 2002 which is aligned to the IDP and strategic objectives of the Unit.

Various training programmes were coordinated by the unit and it benefited over 7,400 people in various industries to improve their skills:

Programme	Number trained	Programme	Number trained
Detergents Manufacturing	60	Waste Management	100
Productivity and Project	100	Machinist	65
Management			
Equity Participation	100	Equity Participation	200
Corporate governance	120	Bricklaying	60
ABSA	1200	Plumbing	60
(Business management)			
Old Mutual(Financial	200	Electrical	56

Programme	Number trained	Programme	Number trained
Education)			
Exhibition/Display	500	Tiling	60
Mechanics	100	Roofing	65
Unilever (Food Handling)	500	Painting	55
Cost &Pricing	39	Quality Assurance-emerging designers	39
SABS Compliance	39	Branding & Marketing	25

Construction

The intention of this programme is to bridge the gap identified during Construction Business growth research, conducted in 2008. The programme intends to bridge the gap between emerging contractors and business opportunities through various business knowledge and skills analyses, the actual business development interventions, mentorship and business linkages. The unit also facilitates the soft and technical skills interventions, assisting with sector statutory requirements compliance and national sector regulating bodies like CIDB

Construction Incubator

The INK (Inanda, Ntuzuma, KwaMashu) Incubator officially opened during September 2011, Municipality through BSTMU who are in partnership with the Construction SEDA in maintaining and the operations of the INK incubator and accommodates 20 incubates. The Annual budget for the incubator from the Municipality is R1,6 million.

Fashion Development Programme

The objective of this programme is to enhance the skills and competency of local fashion designers through fashion development initiatives such as training/workshops, internships, mentorship and participation on access to market platforms through local and international fashion shows. The overall programme seeks to enhance fashion designers marketing capabilities and skills, assist in acquiring industry knowledge, create employment opportunities, and attract international buyers to consider South African Products.

Durban Fashion Fair

It is a 4-day fashion event seeking to provide eThekwini Municipality based emerging designers or brands with a platform to launch latest collections to buyers and media in runway shows. Addresses access to markets challenges & brand building.

Durban Fashion Fair Pop-Up Suite (Feb/Mar 2014) – 12 Designers

National Market Access platforms

J & B Met 2013 – 4 fashion designers

SA Fashion Week (2013) - All 8 participated in the Buyers' Lounge; 4 of the 8 designers showcased

SA Fashion Week (October 2013) – All 3 participated in Buyers' Lounge; 2 of the 3 designers showcased

International Market Access platform/s

GLITZ Africa Fashion Week 2013 - 2 designers invited to showcase in Accra, Ghana

Skills Training & Development

Facilitating skills development, mentorship, coaching and support for the following:

5-day Fashion Workshop (September 2012 – 30 emerging designers; and August 2013 – 30 emerging designers)

Pre-Finance Training with SEDA (Dec 2012) – 38 emerging designers

Cost & Pricing Workshop (2013) – 39 emerging designers

Quality Assurance Workshop (2013) – 39 emerging designers

SABS Compliance Workshop (2013) – 39 emerging designers

Branding & Marketing Workshop (2013) – 25 emerging designers.

Through SEDA 25 designers were assisted to obtain Promotional and Marketing material – banners, business cards, websites

Access to Markets

Durban Business Fair

The annual DURBAN BUSINESS FAIR, formerly known as the SMME Fair, was launched in 1998. It is aimed at mainly showcasing the high quality goods and services produced by SMMEs operating within the eThekwini region and beyond, to facilitate communication and business links between small business and big business, and to build common understanding on issues affecting businesses all under one roof. It features a well-structured three day event featuring a business breakfast/lunch, speakers' corner, gala dinner and several lifestyle activities over and above the exhibitions by both SMMEs and corporate businesses over the same period.

The Fair has grown tremendously in terms of size, scope and stature boasting a recorded total of 500 exhibitors and patronage from 15 000 visitors during the 2009 show. It has given a much needed selling and marketing platform to more than 16 500 businesses over the years resulting in its growth from humble beginnings to becoming the biggest small business fair in South Africa.

Arts and Crafts

Individuals and Cooperative are provided with soft and technical skills, which they will use to generate income and is a direct intervention to poverty alleviation. Within the selected areas, individuals are trained and then encouraged to form a business entity that will be trading in telephone wire and beaded products.

The unit also hosts sector specific arts and crafts empowerment workshops to equip the SMMEs with sector specific information and assists the SMME's to access markets through exhibitions. There are various annual national exhibitions where the artists and crafters are exposed and financially sponsored by the unit to participate in shows like the Durban Business Fair, Baba Indaba and SA Handmade Collection Expo etc.

The programme also extends to international exhibitions hence markets through sister city relationships where applicable and even outside of the sister cities network.

The unit facilitated various market opportunities locally, nationally and internationally and these benefited over 800 businesses:

NATIONAL				
Begin Date	End Date	Exhibition Details	Host Country	No of SMMEs
07-Aug-13	11-Aug-13	Decorex Joburg - Craft Collective	Johannesburg, South Africa	Only represented by Official
26-Oct-13	05-Nov-13	3rd BRICS Cooperative Meeting and International Cooperative Alliance Global Conference Assembly	Cape Town, South Africa	1
INTERNATIO	NAL EXHIBITION	ONS		
Begin Date	End Date	Exhibition Details	Host Country	No of SMMEs
14-Jul-13	18-Jul-13	47th ICANN (Internet Corporation for Assigned Names and Numbers) Conference	Durban, South Africa	3
19-Jul-13	24-Jul-13	Chicago Beckman's Handcrafted Show	Chicago, USA	6
27-Aug-13	04-Mar-14	2012 Milan Interns Orders	Trieste, Italy	6
30-Nov-13	08-Dec-13	AF-L'ARTIGIANO IN FIERA	Milan, Italy	3
			TOTAL	20

In addition, SMMEs were given access to the following National and International Platforms for the purpose of accessing markets

Business	Number	Business	Number
Durban Business Fair	550	AITEX	2
Argentina	6	Ekasi Bridal Show	28
China	4	KZN Handmade Collection	20
Botswana	3	COP 17 market	60
Zimbabwe	2	Sharks Board	6
Gabon	3	Wine Festival	25
SA Handmade	9	Garden of Fashion	16
Mexico	2	Decorex	5

Durban Business Fair-Pop up Shops; Fashion Pavilion	70	Durban Fashion Fair-Pop up Suite	13
Lipsy London Fashion Show	4	Decorex Joburg	5
3 rd BRICS Cooperative Meeting-Cape Town	1	47 ICANN Conference	3
Chicago Beckham Handcrafted Show –USA	6	2012 Milan Intern Orders- Italy	6
Glitz Africa Fashion Week-Ghana	6	AF-L'ARTIGIANO IN FIERA- Italy	3
ICA	5	International Cooperative Day	30
Co-operative WSME	2200	Durban Regional Fairs	1200

Business Linkages Programme

This program is borne out of the realization of the inability of SMMEs to secure mainstream opportunities in both the public and private sector. The unit therefore acts a conduit in advocating business opportunities available in the corporate sector and clearly understands the required standards and compliance measures. On understanding these business opportunity requirements, the most suitable SMMEs are identified and matched with business opportunities and possible business deals.

All SMMEs are invited to the business linkages database and undergo a screening and vetting process to evaluate quality of product and service offerings before any linkages can take place. The selected SMMEs are attached to corporate companies based on need.

The SMMEs that do not get through the selection phase are advised on the necessary interventions that need to be implemented in order to improve the enterprise advantage going forward, and provide the necessary business development support. Prior to any linkages with any entity, the first step is to get onto the supplier database of any entry for further due diligence.

Supporting Tourism Enterprises

Many of the key cultural and historical places of significance are in historically disadvantaged areas and require management and tourism training to nurture a new culture of tourism through the EPWP programmes such as Working for Tourism.

The role of the City to:

Hold monthly meetings with their CTO's

Ensure that their CTO's are fully representative of all tourism stakeholders in their community

To provide a fully operational, equipped and staffed tourism office for the CTO and hand it over to the CTO to manage

Provide 50 % of the operating funds for the CTO

EThekwini Support for CTO's

Institutional support, ensuring they are properly constituted and registered as legal entities, representing all tourism related stakeholders in their respective areas;

Developing their funding models, for example:

Entering into a Memorandum of Agreement (MOA) between eThekwini Municipality and each CTO for provision of allocated funding to ensure their effective operation;

Assisting to recruit their membership from which to derive membership fees;

Assist to identify other sources of funding, e.g. through events, merchandise, etc.

Marketing & promotion of their areas and businesses within the areas – for example, ensuring their participation at international trade shows such as Tourism Indaba and support them through events, activations and others.

Ensuring that Tourism Information Offices exists in their areas.

Registering and regulation of products in their areas to meet quality & standards.

Education and Training, tour guide training, tourism awareness programs, etc.

SMME support, (simplifying and improving systems for entrepreneurial support).

Facilitate partnerships with established businesses and other relevant partners.

Participate in identification of new tourism products and tourism infrastructure upgrades.

Achievements by the CTO's

Sixth year of CTO operation

Fully operational council funded large Tourism Office in place.

Staff complement includes three council paid information officers

Most legal registrations in place including the DEDT

One annual event held every year

Resistance to CTO membership from local tourism product owners-just another tax!

Most marketing material in place -funded by council

Strong CTO working committee in place

Actively forging partnerships with local rural communities

Actively engaged with the Durban Green Corridor promoting tours into the Valley 1000 Hills to increase tourism into the rural area for Home Stays etc.

SECTOR	NUMBER
SKILLS DEVELOPMENT	
Women in ICT	20
Women in Construction	20
Women in Manufacturing	20
Women in Furnisher	40
MENTORSHIP PROGRAMME	
Deloitte Succeed Programme	40
UKZN-SHAPE Programme	30
CONFERENCE 2013	350

Women Empowerment Programme

The programme's main objective is to raise the profile of women in business whilst continuously striving to address their business needs through the implementation of the Productivity Capacity Building Programme which includes mentorship and training. Since its inception in 2006, the programme has grown into an annual event that culminates in a two-day conference and galadinner events, the purpose of which is to create opportunities for discussions to take place around the various opportunities and challenges that women in business face on a daily basis. Further opportunities for networking and dissemination of information pertinent to women in business exist for institutions and corporate companies alike. The programmes seeks to address gender inequity in a quantifiable manner and to strengthen some of the transformation initiatives already introduced by government such as women's inclusion in terms of programme participation and representation and, most importantly, in terms of resource allocation. This will help ensure fair and gender-sensitive resource allocation and pave the way for women's entry into economic activities previously reserved and currently heavily dominated by males. The following is an indication of the areas that the women benefited from:

Informal Trade

There is fully-serviced infrastructure for informal traders provided to date valued at approximately R250m for services such as structures, ablution facilities, storages, access to water and services, etc. EThekwini Municipality was the first City to adopt the Informal Economy Policy and established 16 retail markets, 15 containers Parks, 10 flea-markets throughout the region. The unit registered 45,572 vendors in the informal economy sector on the computerized Revenue Management System (RMS) generating roughly R36, 6m in monthly revenue.

There were capacity building programs for informal workers, eg Financial literacy with close on 5000 Traders benefiting, Business Management skills training for 2000, 1000 vendors attended Food Safety Training and 3000 Traders received Loans through Standard Bank Thuthuka Fund and a further 1000 machinist trained.

The informal trade team facilitated the establishment of the Informal Economy Stakeholder Forum, which is a leadership structure allowing stakeholders to engage in dialogue on strategic issues affecting the informal economy comprising formal business representatives, trader organizations

and committees, various municipality departments, enforcement agencies, councillors and provincial departments of economic development officials for the advancement of the informal sector.

Infrastructure Provision

The Unit provided requisite infrastructure in the following markets:

Ezimbuzini Roof / Structure for cows and chickens

Fragrance Street Market

Umbumbulu LBSC

Cooperative Development

The prime aim of this programme is to improve and provide capacity to the cooperatives. This is done to ensure the improvement of the quality of service rendered, sustained income generation, job creation and competitiveness with the aim of better positioning the cooperatives to take advantage of the opportunities emerging in local, provincial and national, African and International markets.

In addition the unit, through structured plans on various information dissemination platforms, hosts a series of business development workshops to the business community in various areas in townships and rural areas. The shared information pertains to business development and marketing tools, business compliance and business finance. These workshops through impact assessment, have enabled the unit to obtain and understand what other business needs exist within those areas. These are then incorporated into the various programmes for further business development. Furthermore, sector specific workshops are hosted in the different sectors in specific areas.

SKILLS DEVELOPMENT	<u>NUMBERS</u>
Business Management training	100
Marketing Management Training	100
Tax Advisory workshop	16
Weed killing	23
Basic Financial Management	45
Herbicide Applicator	100
Effective Communication	72
SARS Compliance	3
BRICS Co-operative Summit	1
International Cooperative Alliance	3
International Cooperative Day	5
WSME	5
Durban Regional Fairs	12
Co-operative Market Day	20
Dube Trade Port Agricultural tour	30
Weekly Wednesday workshops for the whole year	2 200 (50 coops per workshop each week x 4 = 200x11=2 200)
Daily Advisory services	(5 coops per day x 5 days = 25 per week x4 = 100 per month x 12 = 1 200

3.1.6 STRATEGIC FOCUS AREA: DEVELOPING A COMPETITIVE TOURISM SECTOR

Durban is a leading South African Tourist destination and is marketed globally by Durban Tourism, an official marketing unit that forms part of the eThekwini Municipality. Durban is a modern vibrant cosmopolitan city and its lifestyle, architecture and culture reflect and thrive on its warm subtropical climate.

Durban Tourism has made considerable progress in repositioning the city as a sophisticated destination with an extensive variety of things to do. In re-aligning itself to be at the cutting edge of worldwide trends in destination marketing, the city is focusing on providing visitors with a unique set of experiences that go beyond the beach and into the realm of Durban's cultural and scenic diversity.

The strategic focus of Durban Tourism is to drive tourism and make it a key contributor to the local economy, thereby promoting economic upliftment for all its communities. Recognizing that tourism is an industry that is never static, Durban Tourism is committed to building and defending the Durban brand, thus ensuring that it remains not only the national destination of choice, but also that of the global market.

The Visitor Marketing Strategy has been implemented to drive key marketing initiatives and to position Durban as a global tourism destination, which will project significant growth in domestic & international visitor numbers.

Programme 2.9: Expansion of the Tourism Sector

Durban Tourism's Vision

To position Durban as a preferred "must visit" tourism destination, providing a unique Durban experience supported by world class facilities and infrastructure.

Mission Statement

To market Durban as a "must visit" destination to the Domestic and International tourism markets, and in so doing achieve Economic development and facilitate job creation for the benefit of all the people of the Metropolitan region.

Its Key Functions

- Marketing of Durban to Domestic & International Markets
- To Establish and Create a Demand for Destination Durban
- Development of a Durban Visitor Marketing Strategy
- Tourism Development and Route Development
- Management of Community Tourism Offices (CTO's)
- Building of Trade & Industry Partnerships
- Stakeholder Management

- Distribution & Dissemination of Durban Visitor Information
- Management & Production of Marketing Collateral for Durban
- Promotion of the Durban Brand, Durban the warmest place to be
- Coordination and Management of Tourism promotion Events
- Attendance at National & International Tourism Trade Shows
- Analysis and Management of Tourism Business Intelligence
- Tourism Product Quality Assurance
- Management of Tourism Related Databases
- Global Digital Marketing Campaigns
- Niche Marketing Cruise Tourism/Golf Tourism/Airlines
- Business Tourism Meetings, Events, Incentives, Exhibitions (MICE)
- Hosting FAM Trips for strategic media & trade
- Community Tourism Initiatives

Visitor Marketing Strategy

Publication and adoption of the first VISITOR & TOURISM Strategy for 5 years which was adopted by Council on 30th October 2014. The strategy provided a 7 year framework for the positioning and marketing of the Durban Brand nationally and globally.

Programme 2.10: Diversification of the Tourism Sector

Direct International Marketing To Tourism Trade

In order to market the destination to international markets the destination the unit attended with success a total of six international tourism trade shows and workshops were attended in the period covering all priority source markets for the city. These were:

- USA Africa Showcase Roadshow USA
- New York Times Travel Show SAT Pavilion New York, USA
- SAT Roadshow Asia (China, South Korea & Japan)
- WTM; London
- ITB; Berlin
- WTM Africa Cape Town

Hosting International Tourism Trade and Media

As one of the routes to promote the destination, the unit hosted a number of media and tourism trade get first-hand experience about the destination, the products, the service in order to enable the promote the destination based on the personal experience.

Some of the groups hosted are:

- 100 Indian Tour Operators from India on a 3day visit to learn about Durban
- 50 German Tour operators on a workshop to learn about Durban
- 16 Easy Travel China deep sea diving tour operators to experience Aliwal Shoal
- 70 USA media and Tour Operators on a 2 day visit to experience the city
- 30 German tour operators for the Detour group
- India's NDTV Food Travel Show did a 3 part documentary broadcast in India
- CCTV China did 1 hour documentary on the city broadcast in China

Global Marketing

National Geographic creation and implementation of the Durban Multi Media Marketing and Communications 3 year campaign program to position the City of Durban as a global tourism and investment destination in partnership with National Geographic over 3 years. The investment saw a R75 million media exposure value .Over 500 million viewers in 130 countries .

African Cup of Nations

Durban Tourism hosted the African Cup of Nations. This event was used as a platform to partner with EUROSPORT to market Durban in Europe, Middle East and Africa. This event with the Eurosport partnership saw a R18.5 million exposure value, an attendance of 240 000 visitors with a socio economic impact of R109 million.

Positioning of Durban as a Global tourist destination

Global Marketing Campaign in partnership with Eurosport TV with special advertising slots scheduled during major global events such as the French Tennis Open, Tour de France etc. This investment gave Durban a R15 million exposure value. Viewed by 120 million visitors across 50 countries which included our key source markets of UK, Germany, India, China, Australia and New Zealand.

Community Tourism Organisations (CTO)

Durban was the first Metro in the KZN Province to formally establish 9 CTO's in line with the White Paper on Tourism with average funding of R1,5 million per annum. The provision of services to the communities with respect to enterprise development and tourism product development. The CTO strategy provides a precinct approach to marketing which enables dispersal of visitors from one are to another.

Promotion of Township Tourism

Commenced Township Tourism and "Know your City" amongst our local citizens and outside visitors. More than 15000 visitors and tourists of which 55 % were International visited the Inanda Heritage route in the first year. This route is now well established with sustainable visitor numbers.

A study tour, informed Durban Tourism to undertake an activation to mobilize people from different walks of life to experience Clermont by inviting all communities to experience the pubs and grills in the famous Zazi street that may be compared to the Urban Florida Road.

Sharing of knowledge & Skills

Partnered with the Municipal Institute of Leaning to establish the Tourism Master Class. Provided the content and participated in the MILE Tourism Master class which Local Economic Development Managers from Municipalities and Provincial department, nationally attended. Also assisted City of Manzini from Swaziland

Promote local talent in the arts and culture sector

Entered into a partnership with the Durban Botanical Gardens to promote local and international music artists "Music at the Lake" with sustainable marketing support that instituted a R10,5 million socio economic impact and the creation of more than 100 jobs .

Tourism Services

This is an important discipline within the Unit. Planned in accordance to the key source markets, distribution of various categories of updated brochures to the City's overseas and national source markets are key the complete the marketing plan of the Tourism Department. Information offices at strategic points throughout Durban ensure that the visitor is well informed and exposed to the geographical spread, tour packages and different experiences in Durban.

Business Intelligence and Product Quality

Published and launched the first official set of annual and festive season statistics on Tourism for Durban at the end of January 2015. The statistics produced aligns with the Provincial, National, South African Tourism and STATS SA statistics. Market intelligence is provided year on year to make informed decisions on International trends based on the City's core markets.

Events impact assessment for 20 events as well as its pre-activations for the year as well as intercepts studies, perception studies are produced for each quarter. Accommodation statistics is produced on a monthly basis.

Product Quality Inspections ensure the quality of all products within the tourism value chain and the department's capacity building programmes such as the Universal Accessibility project informs and sensitizes the public and product owners on this niche market. The Responsible tourism programme participation of 10 B&B's has sensitized these B&B's on energy efficiency and cleaner house productions.

Events

As aligned to the Durban Tourism Visitor's Strategy, the Events Program plays a vital role in achieving the long term vision of increasing of the visitor number to the City of Durban. From the key strategic partnerships forged with event partners, the hosting of various tourism events has immensely enhanced the global positioning of the Durban brand, promotes Durban as a tourism and leisure destination of choice, profiles tourism products, routes, Durban talent and tourism experiences. For the past 3 years, there are well over 35 events including pre and post activations that are managed by the Events Department. The events are managed at a very high level ensuring that preactivations include township lifestyle and destination promotions.

Focus on township is key in events. Events such as South African Music Conference (SAMC 10), Metro FM Music Awards Artist Workshop and Good Food and Wine Show in 2014, created platforms for young aspiring artists from the Townships and created multiple job opportunities to township SMMEs. 2015/16 pre-activations in Townships for the at South African Music Conference (SAMC 11) and the MTV Africa Music Awards (MAMAs).

As guided by the nature of an event, expanded City benefits are a mandatory expectation incorporated into the event partnerships. These ranges from value add to knowledge economy, capacity building, work shadowing and empowerment to the various designated groups within the Durban society particularly the youth. The partnerships are also crafted to yield financial returns for the City's economy, socio-economic spin-offs for the City and job sustainability and creation. Another off-shoot of events is the leveraging in terms of Strengthening Relationships with Trade partners and media through hosting and familiarization trips.

The empirical event partnership spin-offs yielded from the events, are established through professional team of research that present audited results.



International and domestic trips

International and Domestic Arrivals in Durban calculated as per share of visitor arrivals in KZN

2014: Durban calculated at = 70.8%

2013: Durban calculated at = 70.8%

2012: Durban calculated at = 73.8%

The table below indicates the tourism trajectory for the past 3 years in terms of :-

INTERNATIONAL	2012	2013
Total number of trips	658,165	599,779
Average length of stay	5.1	6
DOMESTIC	2012	2013
Total number of trips	4.1 m	3.8 m
Average nights per trip	3.54	3
Total Spend for foreign and domestic	R 8.3 billion	R 8.89 billion

The above statistics has been calculated based on South African Tourism Stats for 2012 and 2013. South African Tourism does not indicate stats for the Cities. Stats is calculated for South Africa and per Province.

Quarterly Tourism Performance for Durban in 2014

Number of visitors	Jan/Feb 2014	Mar-May 2014	Jun-Aug 2014	Sep-Nov 2014	Dec-14	Total 2014
Domestic overnight	625 887	884 695	1 052 845	1 177 615	645 529	4 386 570
Foreign overnight	92 700	242 305	142 759	78 293	58 955	615 012
Total overnight visitors	718 587	1 127 000	1 195 603	1 255 908	704 484	5 001 582
Day visitors	324 387	508 755	539 724	730 933	273 966	2 377 765
Total 2014 visitors	1 042 974	1 635 755	1 735 327	1 986 841	978 450	7 379 346

<u>Note:</u> The City for the first time has a baseline whereby it calculates its stats based on the Cities progress. Total number visitors in 2014 were split between day and overnight visitors. Day Visitors that amounted to over 2 million are visitors that come for business, conferences, and meetings etc. for the day mostly from other provinces. Day visitors may also include all visitors coming to Durban from within the KZN Province especially for an event or visiting friends and family or for a shopping experience.

2015 Tourism Performance Statistics till May

Number of visitors	Jan-Feb 2015	Mar-May 2015
Domestic overnight	589 530	1 546 745
Foreign overnight	52 498	106 986
Total overnight visitors	642 027	1 653 731
Day visitors	296 955	971 239
Total 2014 visitors	938 982	2 624 969

Direct expenditure: Total Expenditure for 2014 and from January to May 2015

Direct expenditure	Total 2014	Jan-Feb 2015	Mar-May 2015
Domestic overnight	R 12 178 248 501	R 1 280 805 469	R 3 926 496 562
Foreign overnight	R 3 453 983 792	R 72 478 348	R 407 726 488
Total direct expenditure	R 15 632 232 293	R 1 353 283 817	R 4 334 223 051
Day visitor direct expenditure	R 3 602 016 665	R 331 849 293	R 453 139 221
Total direct expenditure	R 19 234 248 959	R 1 685 133 110	R 4 787 362 271

In 2013, KZN stats indicate a spend of R 27 billion. KZN stats are not available yet for 2014. As per South African Tourism, 68% of the spend for the province is spent in Durban. Day visitors spend amounted to over R 3 billion, whilst overnight domestic and foreign spend amounted to over R 15 billion in the year 2014.

Challenges and Mitigations

Challenges	Mitigations
Statistics from South African Tourism and Stats SA gives a	Durban Tourism is using a bottom-top
country and provincial overview. SAT stats are only	approach. The City undertakes its own
available towards the latter part of the following year.	socio-economic impact studies per
Cities are faced with no tourism statistic baseline.	season that includes events and
Difficult to track the tourism trajectory of cities based on	compares their stats with Tourism
international and domestic markets	KwaZulu Natal for the purposes of
	alignment and uniformity. TKZN and
	Durban tourism has agreed on a similar
	methodology to collate these stats. The
	methodology adopted is similar to that of
	National Department of Tourism and
Compaths there is no company in the projection of	South African Tourism.
Currently there is no sequence in the registration of	All affected departments need to be
tourism businesses by Municipal Departments this is a result of poor communication horizontally and vertically	coordinated at a strategic level by seniors.
among these departments, This negatively contributes in	semors.
the increasing number of illegal tourism operators within	
the city, the city is losing a lot of money and tourists since	
one disappointed international clients will tell ten more	
people about bad experiences they had while visited	
Durban.	
Deliberate Non-conformity to tourism regulations, policies	The vigorous enforcement of existing
and city bylaws by Big Industry Role Players, e.g. Hotel	regulations by the relevant departments
Groups, putting Durban Tourism in a dilemma when	and provision accurate and consistent
choosing between having to fully market them, which is	information on these regulations by all
deemed unfair by Small but complying Businesses and/ or	relevant departments.
Exclude them, which again undersells the City as a Tourist	
Destination with world Class facilities. Typical example	
of the above challenge would be when producing a	
Durban Accommodation Guide and exclude	
establishments that are not registered with CTOs &	
Durban Tourism, this will mean that the City does not	
have 5 Star Hotels.	

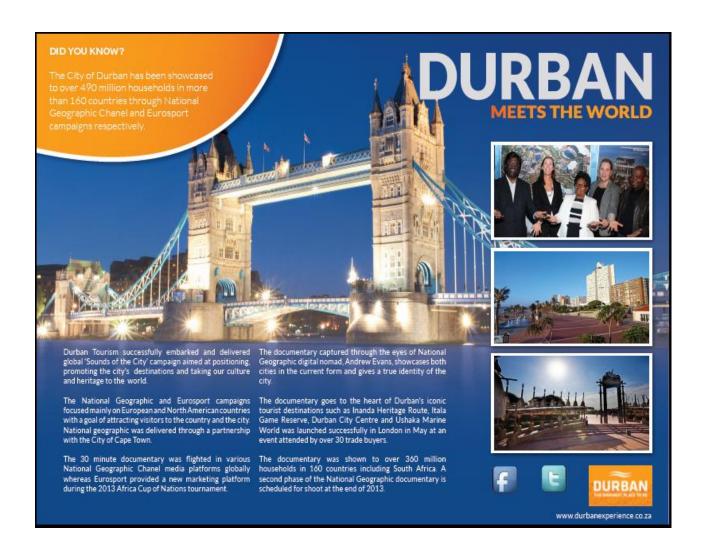
Summary of Successes and Awards received

Tourism Awards

2014 - New York Magazine tips Durban as SA's secret jewel and praises our "spectacular beaches", uShaka Marine World, and the I Heart Market, which is held in the world-class Moses Mabhida stadium, mentioning the restaurants and hotels in the North of Durban.

2014 - Durban was recognised not only as South Africa's friendliest city, but having four of its hotels ranked among the top 10 favourite hotels in the country by the globally influential Roper City Brand Index who ranked Durban ahead of Johannesburg and Cape Town as the friendliest metropolis.

- 2014- (ICCA's) latest ranking of business tourism destinations worldwide, released Durban and Cape Town being rated Africa's top two cities for meetings and events. Durban jumped a massive 60 places to rank 97th in the world.
- 2014 The News Guardian Travelogue journalist from Nigeria, in his recent visit to South Africa to cover Indaba tourism trade show recounts positively his experience of the city popularly known as the warmest place to be in the Rainbow Nation.
- 2014 CNN voted Durban as one of the world's top 10 most underrated cities. Durban was praised as liveable, a wealth of creative hubs, championed by locals and worth more than a quick stop before you head elsewhere.
- 2014 In July, Durban's Umhlanga Pier was named the most beautiful pier in the world by CNN!
- 2014 In September 2014, Durban was rated the most coolest city in South Africa that the world has never seen
- 2014 Durban Was Named The New 7 Wonder Cities Of The World (2014)
- 2014 Durban was named as one of the TOP TEN "must visit city" for 2015 by New York Times
- 2015 A proud moment for the City as Durban Tourism takes the KZN Business Award in the Tourism Category
- 2015 Another accolade released on the 5 June 2015 ranks Durban 47th out of 55 Countries around the globe as 2015 Youthful City of the Year. The two Cities selected in South Africa, Johannesburg at number 1 and Durban has been ranked number three in the African Continent.





DURBAN TOURISM NEWSFLASH

DURBAN VISITOR MARKETING STRATEGY

The Durban Visitor Marketing Strategy is a strategic marketing framework that aims to consolidate and increase the number of

The strategy is calling for:

Together, "LET US TAKE DURBAN TO THE WORLD"

CURRENT TO PROJECTED GROWTH



Spend: R 5.7 billion Jobs: 61,000

Arrivals: 5 million Spend: R 10 billion

Jobs: 74,000

Target Market Focus

TOTAL (All other) markets

Markets	2013	2016	2020	Inc '13-'20
Germany	35116	47503	55572	58%
Netherlands	16859	26515	31615	88%
UK	74845	94940	114335	53%
USA	41817	55904	66657	59%
Australia	13806	21951	26174	90%
New Zealand	2422	3044	3562	47%
China	10514	12055	14512	38%
India	19034	28823	34367	81%
TOTAL (Focussed) International	214414	290736	346794	62%
Gauteng	597835	783358	1080095	81%
TOTAL all focussed markets	812249	1074094	1426889	76%
All (other) International Markets	410296	465981	541524	32%
All (other) Interprovincial	256215	195840	270024	5%

A comparison of the Durban Tourism Visitors Marketing Strategy and the KwaZulu Natal Tourism Master Plan indicates that the core priorities in respect of target markets, are similar in both strategies in terms of -

666511

Domestic markets: The major population concentration of the country is in Gauteng; it is also the fastest growing economic region in the country and has the greatest accumulation of wealth. Durban is also the nearest integrated visitor destination. With these attributes this province provides the greatest potential to attract visitors, business people, investors and students.

International: High core in both strategies are UK, America and Asia (India and China in terms of investment), Germany





The Mayor of eThekwini Cllr James Nxumalo

A proud moment for the City as Durban Tourism takes the *KZN Business Award* in the Tourism Category and yet another accolade for the City.

The Silver Ring Room at the Greyville Convention Centre hosted the KZN Business Awards 2015 on the 21st July 2015.

the economic spin-offs for the city and job creation within the tourism value chain. Furthermore impactful business and leisure events in the City and strong partnerships with the industry contributed to the City winning this prestigious award.

This prestigious event continues to be a highlight of the KwaZulu-Natal business calendar. The Awards celebrate successful companies and organisations in KwaZulu-Natal, offering an excellent opportunity for all business sectors to meet, be inspired and showcase their achievements and innovations to their peers. Each of the Awards on offer celebrates and recognises business and organisational success across the economic sectors in both the private and public arenas. The panel of judges consist of representatives of industry and business and the final choice is audited by an independent auditor.

The Awards' criteria based on the King III report, focuses on the impact of the organisation/company in the economic, environmental and social spheres in KwaZulu-Natal. Factors such as brand and reputation, stakeholder relations and goodwill, environmental and economic sustainability, social responsibility, and quality of governance are all taken into account.

The Durban Visitor Marketing strategy, City's accolades in the past 3 years by international and domestic media, aggressive marketing of the City both internationally and domestically, on-going research in terms of current business/market intelligence and continued socio-economic impact assessments measure

2015 seems to have started with a bang for the City of Durban. Another accolade released on the 5 June 2015 ranks Durban 47th out of 55 Countries around the globe as 2015 Youthful City of the Year. The two Cities selected in South Africa, Johannesburg at number 1 and Durban has been ranked number three in the African Continent. Sonja Miokovic, co-founder of YouthfulCites says "This index creates a wealth of comparable based knowledge on what is important to youth. This understanding is critical for city leaders and urban designers committed to making smarter choices that attract and enable young people fulfill their ambitions"

The "2015 Youthful City of the Year" in the largest ever study into how the world's top cities measure up from a youth perspective conducted by YouthfulCites which is based in Toronto, Canada. The YouthfulCities INDEX Report is the result of an inclusive 6 month process, engaging hundreds of youth researchers and urban decoders across the world, comparing and ranking 55 cities across 20 urban attributes, using a total of 101 indicators and over 5,000 unique data points.

The initiative is the first attempt to quantify and measure which cities are most attractive and suitable to young people aged 15 - 29. 2014 statistics in Durban indicate that the age profile of visitors coming to Durban range between the ages of 15 - 34 years and 35 - 45 years of age.



Newsflash Edition 11 - 2014

Durban Awarded Prestigious Global Status



The City of Durban is now an Official New 7 Wonder City of the World, together with other leading cities like Beirut, Doha, Havana, Kuala Lumpur, La Paz and Vigan.

His Worship the Mayor, Cllr James Nxumalo eagerly expressed that this achievement is a great honour for the City of Durban. To be positioned amongst other leading global cities of the world like Kuala Lumpur and Havana, proudly shows the commitment and competitive edge of our city as a leading Tourism, Events and Business Destination. We are delighted that the World finally recognises the potential of Durban and we are confident that this global status will boost tourism to the city and province.

Phillip Sithole, Head of Durban Tourism eagerly stated that this prestigious award is a true reflection that the City of Durban is fast becoming a global destination and the increased international marketing efforts have greatly contributed towards this success. Durban Tourism has been promoting the Voting Process since February this year, during the various elimination rounds and we would like to thank all the voters that had the confidence to vote for Durban. A Wonder City is aimed largely at Cities with rapid urbanisation, diversity, innovation in responding to city development and aspirations of a global urban civilisation.

Andrew Layman, CEO of The Durban Chamber of Commerce, expressed that this is wonderful news for Durban. I'm sure the city must have had voting support from people all over the world who had visited, and enjoyed, the city. The enhancement of

the international image of Durban is a Durban Tourism strategy which the Chamber supports one hundred percent.

Jean-Paul de la Fuente, Director of New7Wonders stated, "We welcome Durban into the world's voted and chosen New7Wonders Cities. As the sole representative from the African continent, Durban now joins a unique group of cities from across the globe. Congratulations and well done to all the supporters and fans of Durban worldwide!"

Durban has found itself on this esteemed qualification list and has many significant offerings. The architectural masterpiece The Moses Mabhida Stadium, uShaka Marine World, one of the largest aquariums in the world, the International Convention Centre (ICC) is the leading conference centre in Africa, the warm hospitality, the rich cultural diversity and the vibrant urban lifestyle that reflects the energy and culture of the city all add to Durban's well deserved positioning of being selected to be on the New 7 Wonder Cities of the World.











Promotion of Durban Tourism

Appointed a Destination Marketing Management Company (DMC) in the United States to facilitate the conversion phase of the City's International Marketing Campaign.

A three year partnership with the Sharks Rugby will assist to promote Durban. For the 2015 financial year, the Sharks will be promoting Durban in two cities in Australia and New Zealand respectively.

Partnership with Lady Smith Black Mambaso will facilitate the promotion of our local music and culture both nationally and internationally.

Two new international trade shows will be attended to promote the Durban brand to the Business and Consumer stakeholders such as travel operators and tour guides.

Durban Tourism committed to partner with Tourism KwaZulu Natal (TKZN), King Shaka International Airport (KSIA), and Durban Trade Port to aggressively promote the two new airlines that will fly directly to KSIA. Durban Tourism will identify the points of departure that are in our key source markets and ensure that Durban is in their promotional travel guides, brochures etc.

STRATEGIC FOCUS AREA: FACILITATING SUSTAINABLE LIVELIHOODS

This strategic focus area seeks to diversify the range of interventions for rural development while providing platforms for this development to occur, in order to facilitate sustainable livelihoods. It also speaks to address the poorest within society to ensure that there is a co-ordinated response between all actors, to address issues of poverty where they exist. This includes targeting vulnerable groups.

Programme 2.11 Socio-Economic Development through the creation of sustainable jobs within various sectors

The Expanded Public Works Programme (EPWP), was launched in April 2004 and is one element within a broader government strategy to reduce poverty through the alleviation and reduction of unemployment. It involves creating work opportunities for unemployed persons, thereby allowing them to participate economically and contribute to the development of their communities and the country as a whole.

The EPWP is a nation-wide government-led initiative aimed at drawing a significant number of unemployed South Africans into productive work in a manner that will enable them to gain skills and increase their capacity to earn income as well as develop their community and country. South Africa's EPWP requires that public funds are spent in a way that more actively creates opportunities for the perennially unemployed to secure work and an income.

EPWP focuses on the unemployed and marginalised by targeting:

The unemployed South Africans, able and willing to work.

The poor

Unskilled people

Vulnerable groups in society - women, youth and persons with disabilities.

The EPWP is in its third phase and will be implemented over the five-year period from the 2014/15 to 2018/19 financial years with the aim of creating 6 million work opportunities by the end of the period. 5.3 The National Department of Public Works is mandated to lead and coordinate the EPWP. The success of EPWP depends on concerted effort, cooperation and implementation across all sectors, spheres of government as well as non-state entities. The objective of Phase 3 is: "To provide work opportunities and income support to poor and unemployed people through the labour-intensive delivery of public and community assets and services, thereby contributing to development."

The EPWP is implemented through four sectors:

Infrastructure - Construction and maintenance

Environment & Culture - build and protect South Africa's natural resources and cultural heritage

Social - social development (skills) & community protection

Non State Sector - collaboration with Non-state Organisations in strengthening community participation in local community development

To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the EPWP guidelines:

road maintenance and the maintenance of buildings;

low traffic volume roads and rural roads;

basic services infrastructure, including water and sewer reticulation, sanitation, pipelines (excluding bulk infrastructure);

other economic and social infrastructure;

tourism and cultural industries;

waste management;

parks and beautification;

sustainable land-based livelihoods;

social services programmes;

health service programmes;

and community safety programmes.

Incentive Grant Allocation and Expenditure

The NDPW allocated R34,154-million to the eThekwini Municipality for the 2014/2015 financial year to utilise for EPWP purposes. The EPWP grant has been allocated to provide EPWP funding to effectively expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised and the expansion of job creation in line with the EPWP guidelines. Once received, the EPWP grant cannot be used for any other purpose except the EPWP approved project.

The DCM Forum approved 5 EPWP Incentive grant projects for the 2014/2015 financial year. The annual expenditure for these amounted to R35 626 253. This resulted in an over- spend of R1 472 253 which was adjusted through virement budgets.

Current Status

2014/15 Accumulative Indicative FTE Jobs: eThekwini Municipality				
Quarter	No. of Projects	Expenditure (Rmil) Direct FTE jobs		
Q1	52	135 666	1966	
Q2	63	443 744	17659	
Q3	116	760 326	19626	
Q4 *	156	1 001 585	29344	

^{*} Q4 data capture has not been finalised due to new system challenges

BUDGET SPEND

The revised capital budget for the Cluster totalled Rm in 2014/2015 and actual spent was Rm.

The Operating Budget for the Cluster for 2014/15 is reflected in the table below:

ECONOMIC DEVELOPMENT AND PLANNING					
2014/15 OPERATING BUDGET VS ACTUAL SPEND					
	ADJUSTED BUDGET	ACTUAL			
SALARIES AND ALLOWANCES	344 973 728	315 851 578			
GENERAL EXPENSES	675 925 276	603 327 330			
REPAIRS AND MAINTENANCE	31 979 715	24 133 965			
CONTRIBUTIONS	-7 840 109	20 990 410			
TOTAL EXPENDITURE	1 045 038 610	964 303 283			
RECOVERIES	-186 600	-186 600			
CHARGE OUTS	-157 180	-158 500			
NET EXPENDITURE	<u>1 044 694 830</u>	<u>963 958 183</u>			
INCOME	<u>-367 065 130</u>	<u>-332 553 174</u>			
SURPLUS/DEFICIT	<u>677 629 790</u>	<u>631 405 009</u>			

ECONOMIC DEVELOPMENT AND PLANNING 2014/2015 CAPITAL BUDGET VS ACTUAL SPEND		
	ADJUSTED BUDGET	ACTUAL
	000'	000'
	139.242	116.639

3.12. DURBAN METROPOLITAN SERVICES

UNIT PROFILE

In terms of Section 64A of the South African Police Services Act, No. 68 of 1995 provides the foundation for the establishment of municipal police services, which operate locally within municipalities.

It further provides the functions of a municipal police service in terms of Section 64E of the Act as follows:

Traffic policing, as Road Traffic Law Enforcement Officers appointed in terms of Section 3A of the National Road Traffic Act, 1996 (Act No. 93 of 1996),

Policing of municipal by-laws and regulations, and

Prevention of crime in terms of common law and several statutory provisions:

Crime Prevention Function

Durban Metropolitan Police Service Crime Prevention Strategy reflects the department's commitment to provide a modern, effective, efficient and responsive police service to all visitors and communities of eThekwini, in partnership with all stakeholders, to ensure a safe and secure environment.

The operational Plan in conjunction with the constitution of the Republic of South - Africa (Act 8 of 1996) the South - African Police Service Act (68 of 1995), numerous other Acts, National Orders and National Instruction polices will form the basis on which functions, duties and powers of Municipal Police will be executed.

Whilst our focus is on the issues and priorities that matter to our local communities and visitors to the city, due cognizance is given to the National and Provincial crime priorities and strategies. Durban Metro Police strategies for addressing crime include both reactive strategies to respond to incidents of crime and proactive strategies aimed at preventing crime before it happens

Traffic Policing and By-Law Enforcement Function

In addition to the involvement in dealing with issues of crime the Police Unit also deals extensively with traffic issues and by-law enforcement. There are approximately 1 000 000 registered vehicles in eThekwini , a fair percentage of which are public transport vehicles which pose a huge challenge in terms of ensuring compliance to road rules and thereby ensuring a smooth flow of traffic and safety of all road users .

The department is committed to meeting this challenge and apart from increased visible policing numerous electronic technologies has been introduced to monitor errant motorists. The department is also engaged in enforcing by-laws more especially informal trading which in certain instances has a major adverse impact on the formal business sector and also could be a breeding ground for illegal activities.

UNIT STRUCTURE & STAFF COMPLIMENT

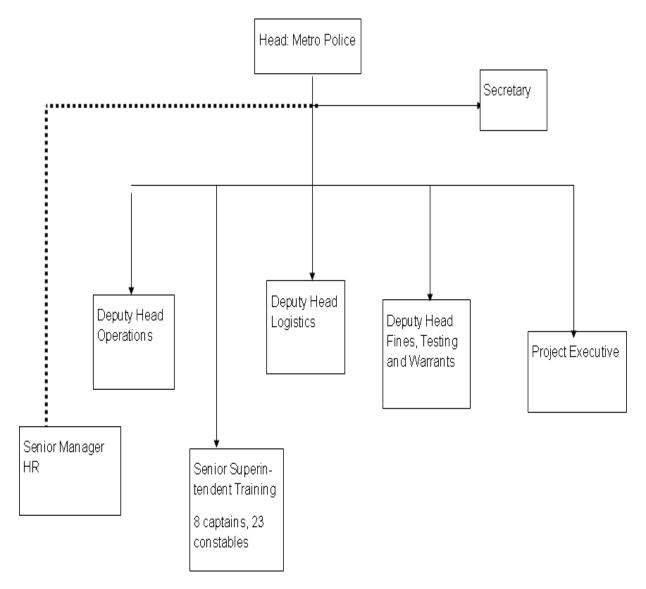


Figure 2 – Durban Metro Police Service Unit Structure

HUMAN RESOURCES

Component
Uniformed Personnel
Commissioner - 1
Assistant Commissioners – 2
Directors – 4
Senior Superintendents and Superintendents - 40
Captains - 96
Inspectors, Sergeants, Constables and Authorized Officer - 1977

Component

Administration/Support/Logistics

Managers, Supervisors, 2

Artisans, Clerical and general workers - 59

Non Uniformed / Civilian Personnel

Deputy Head Fines Processing - 1

Supervisory (Managers, Deputy managers and Supervisors - 6

Administrative, Clerical, General Assistants, Examiners, Secretarial, In-service trainees and Part time clerks –265

Total = 2454

Figure 2 – Durban Metro Police Service Human Resource

2014/2015 BUDGET

CAPITAL BUDGET - 7, 8 Million

OPERATION BUDGET - 238 Million

KEY PRIORITY PROJECTS

Conduct a feasibility study for implementation of Incident Management System

Increase enforcement on NRTA for roadworthiness of vehicles

Increase police visibility at identified crime hot spot areas

Implement Pilot project on Domestic Violence Act

Increase enforcement on trucks infringing bylaws

Increase enforcement in terms of nuisance and general bylaws in Central Business Districts

CHALLENGES & MITIGATIONS

Bylaws Enforcement

Bylaw enforcement is part of Metro Police's daily functions which is coordinated and monitored through the Integrated Bylaw Enforcement Committee by ensuring the clearing of grime and crime within the city Centre. Part of this enforcement is illegal informal trading which has been hampered by the Court Judgment that recently declared unconstitutional for Metro Police to confiscate goods which are illegally traded on the streets.

In addition to the above, integrated bylaws for the city which is still under promulgation process, still remains a challenge to Metro Police for enforcement, but giving the fact that significant strides has been made already by the Legal Service unit to finalize the process, Metro Police management is optimistic that this challenge will subside in 2015/2016 onwards

Traffic congestion and road accidents

Road works and defective vehicles around the city and highways continue to be the Metro Police main challenge. Particularly, broken down trucks on the highways have contributed to most major serious accidents with fatalities.

Police deployment is done on daily basis especially during peak hours to ease traffic congestion. Truck enforcement and vehicle suspension is one of the priority projects aiming at reducing accidents and traffic congestion on the roads

During 2014/2015 Metro Police had a total number of 28837 vehicles, charged for being defective and suspended almost 2236 vehicles due their un roadworthiness and dangerous to be used on public roads

To ease traffic congestion, communication to public road users about road closures, defective traffic lights, road works is given three (3) times a day to Ukhozi FM, East Coast Radio, Vuma FM, Radio Imbokodo, IzwiLomzansi Radio, Igagasi FM, Hindi Vani Radio, Radio Al Ansaar, Lotus FM and weekly to SABC TV, Gareth for Traffic Net, SABC in general and E TV.

SUCCESSES ANDAWARDS RECEIVED

Durban Metro Police Services took part in the National Metro Games: 2014 and the teams were outstanding in different sporting codes. For eight consecutive years, Durban Metro Police Services have received Gold Medal Awards for the National Metro Games. During the 2014 National Metro Games, received the awards as follows:-

Gold Winners in Cycling, Darts, Pool, Golf and Male Volleyball

Silver Winners in Running, Soccer and Female Volleyball

LAUNCH OF DURBAN METRO POLICE NEW REACTION AND PUBLIC ORDER POLICING UNITS



Figure 3 - New Re-Action Unit



Figure 4 - Public Order Policing Unit

AWARDS RECEIVED FROM THE NATIONAL METRO GAMES: 2014



Figure 5 - Robin - A Gold Winner in Golf



Figure 6 - Rodney and Anderson - Gold Winners in Pool



Figure 7- Stanton Moodley: a captain of Gold Winners in Voleyball



Figure 8: Jackson a Captain of Soccer Gold Winners



Figure 9: Durban Metro Police Winning Team



Figure 10 Durban Metro Police Winning Team

3.10. DISASTER MANAGEMENT & EMERGENCY CONTROL UNIT

The Disaster Management and Emergency Control Unit was established as a new unit in January 2011 and provides, across the entire municipal area on a 24/7 basis, emergency services in terms of call taking and dispatching for all emergency situations for Fire, Metro Police, etc., CCTV crime surveillance and traffic monitoring as well as disaster management operations and programs and risk assessment and reduction programs.

The Unit also provides support for the business plans of various municipal departments by providing strategic guidance, planning, executing and carrying responsibility for quality management pertaining to projects in terms of project outputs, scope, time, quality and cost with reference to implementing technologies to move the municipality to a stable and improved networking, electronic and communications infrastructure catering for the upliftment of the citizens.

The Unit consists of:

- 1. Disaster Management;
- 2. Emergency Mobilising and Communication Centre (EMACC)
- 3. CCTV Control Room;
- 4. Technical and Specialised Services;
- 5. Administration

2014-2015 KEY PRIORITY PROJECTS

Risk Assessment

A disaster risk assessment is a process to determine the nature and extent of risk by analysing potential hazards and evaluating existing conditions of vulnerability that could pose a potential threat, or cause harm to people, property, livelihoods and the environment on which they depend. Risk assessments are based on the technical features of hazards, such as their location, intensity, frequency, probability and an analysis of the physical, social, economic and environmental dimensions of vulnerability and the coping capabilities pertinent to the risk scenarios.

The Disaster Management Department commenced a journey of legal compliance and instituted a comprehensive city wide risk and vulnerability assessment study and a management information system.

The project was initiated in March 2013 and is projected to be finalized in 2016. The primary deliverables and outcomes of the risk assessment are as follows:

Provide a high level disaster risk profile in order to prioritize disaster risks in the EMA

Generate an indicative disaster risk profile / logarithmic table, based on the results of hazard and vulnerability assessment findings

The identification of selected risk reduction and response measures for the identified priority risks

To establish a disaster risk management information system and establish integrated communication links at multi-agency level

The development of a disaster management Level 2 Plan as prescribed by the National Disaster Management Framework of 2005

The compilation of five Contingency Hazard - based plans and a detailed South Durban Basin risk assessment.

It is imperative that thorough risk assessments are done. In doing so vulnerabilities, capacities and hazards are unpacked to determine the most appropriate actions towards increased resilience.

The recent decision to terminate the services of all Temporary Employment Services [TES] employees means that Mr. Patrick Adams: Project Executive – Risk Assessment has had his contract terminated on 31 March 2015. This crisis situation creates a huge void in continuity in managing the risk assessment project as Mr. Adams had been involved in managing this entire project.

This issue has been raised with executive management and EXCO has already resolved that we appoint a suitably qualified consultant on a contract in order to complete this project.

1.2 Establishment of an Advisory Forum

The establishment of a Disaster Management Advisory Forum for eThekwini is one of the essential action steps in establishing the foundational institutional arrangements, as required by: Key Performance Area 1 of the National and Local Disaster Management Frameworks.

The primary purpose of the Disaster Management Advisory Forum is to provide a mechanism for relevant internal, external and technical specialist role players to consult one another and advise with regard to disaster management issues.

An Advisory Forum has been established under the chairmanship of the City Manager. It consists of all the Deputy City Managers, several Unit Heads and Senior Managers and/or other staff selected for their technical and/or specialist skills and knowledge. Other external government spheres and departments and private sector organisations have been co-opted as members of the Advisory Forum. The Forum meets on a quarterly basis, as per the Strategic Management Group meeting schedule. This arrangement facilitates the City Manager and Deputy City Managers to attend Advisory Forum meetings, and on completion of these meetings to continue with their scheduled meeting.

The Forum will aid the City to identify priorities and give input on risk reduction initiatives. The information generated will affect all Council Clusters and will address developmental initiatives, risk reduction strategies, and how vulnerabilities are classified, categorised and prioritised.

The Forum with three Technical Task Teams has been approved by EXCO. A two-pronged approach will be implemented; the first to enlist an internal component of officials and the second approach to invite participation from other Government sectors, academic institutions, NGOs and the general public

The three Technical Task Teams are as follows:

1.2.1: CITY-WIDE RISK ASSESSMENT TECHNICAL TASK TEAM

The role of the eThekwini Municipal Disaster Management Centre (MDMC) is to engage the services of a suitably qualified consultancy to undertake a City-Wide Risk Assessment. The Risk Assessment Technical Task Team will work closely with the appointed service provider in achieving the objectives of the risk assessment study.

1.2.2: MUNICIPAL ADAPTATION PLANNING TECHNICAL TASK TEAM

Under the leadership of the Environmental Protection and Climate Change Department (EPCPD), significant progress has been made towards determining how climate change projections would affect communities and individuals within the eThekwini Municipality. It is clear from this work that the impact of existing climate variability and likely future climatic changes will be cross-sectorial and necessitate adaption planning by the majority of municipal departments.

Because of the strong alignment and synergies between climate change adaption and disaster risk reduction agendas [for both rapid and slow onset disasters] it was concluded that the coordination of these efforts by EPCPD and the Disaster Management Unit, would best reside within the ambit of the Advisory Forum.

1.2.3 SOUTH DURBAN BASIN (SDB) "OFF-SITE" PLAN TECHNICAL TASK TEAM

The South Durban Basin contains bulk chemical facilities, pipelines, oil refineries and a high volume of road / rail transportation of hazardous freight. Several major hazard industries [MHI] are located in the basin, and some of these industrial complexes are registered as National Key Points. The industries and surrounding residential communities exist in close proximity to each other, and an emergency incident occurring inside a premises, could have consequences which may spread offsite. The industries each have an 'On-Site Emergency Plan' which includes internal response capability and the roles and responsibilities of municipal and other government and private agencies. If an event takes place on the premises of an Industrial complex, and the effects are felt outside the premises, the situation thus generated is termed an 'off-site emergency'. The off site plan is regarded as an extension of the on-site plan and both of these plans require input and actions from a network of agencies.

It is a legal requirement for the Local Authority to develop an off- site plan for every Major Hazard Installation. An incident investigation by the Department of Labour or even a public enquiry would follow a serious incident and legal compliance will be assessed. Such an enquiry audit will start at executive management level and will check if management processes and plans were in place to deal with a major event which has off-site consequences. The South Durban Basin is a contested landscape, and has a long history of protest conflict. One of the areas of conflict has been the communities demand for the City to provide an Emergency Plan which meets the conditions of their expectation and demand.

During the year 2011 an interim Off Site Emergency Plan was developed by Disaster Management and Fire and Emergency Services Units. This interim [generic for all MHI sites] Plan was approved by the DCMs Forum, however it was recognized that other Council Units that would play a critical role in plan implementation, had not actively participated in the development of the plan. It must be

noted that this was a generic plan, whereas the MHI Legislation prescribes that the local authority develop a site specific plan for each individual MHI.

During August 2013 Council adopted a resolution to approve the Terms of Reference for the establishment of a Disaster Management Advisory Forum. This included the establishment and membership of a South Durban Basin off- Site Emergency Planning Technical Task Team. It is clear that a solid foundation has been prepared on which to construct an emergency off site plan. The off site plan is a multi-agency response plan, which requires unified input and actions from a network of agencies. It is clear that a very senior and experienced person is required to manage and coordinate the development of these complex plans.

Mr. M TeWater is the Acting Head of the Fire and Emergency Services Unit and has been serving as the Chairman of the Technical Task Team. Given that the development of Off- Site Emergency Plans for MHIs is a full time commitment it was proposed to transfer him to Disaster Management so that he could concentrate all his time and effort in getting this project off the ground. Circumstances have prevented the implementation of this proposal, and furthermore Mr. Te Water has stood down as Chairman of the Technical Task Team.

1.3 Corporate Disaster Management Plan

The Corporate Disaster Management Plan has been developed and approved by the DM Advisory Forum and ratified by EXCO for implementation. The Plan is reviewed annually. The purpose of the Plan is to outline policy and procedures for both the pro-active disaster prevention and the reactive disaster response and recovery phases of the disaster management continuum. It focuses on facilitating multi-agency and multi-jurisdictional coordination, with emphasis on emerging crisis or novel events. The Plan provides the broad framework within which the disaster management planning requirements of the Act will be implemented by various departments of Council. It establishes the directives for risk reduction initiatives and the strategic incident management protocols in the event of a disaster occurring or threatening to occur.

1.4 Volunteer Programme

Ward-based Disaster Management components have been established in forty five percent of the one hundred and three Wards in the Municipality. Volunteers are trained in disciplines such as First Aid, Home-based care, trauma counselling and fire fighting. The programme assists in risk awareness, public education, skills development, emergency response and community-spirit upliftment.

In compliance with the Disaster Management Regulations for Volunteers, 300 persons have been medically processed and signed up as formal Disaster Management volunteers. Sixty of those have attended a fire training course and can be deployed in support of the Brigade if so required. The skills-training afforded to these volunteers facilitates their deployment at events or incidents under the umbrella of Disaster Management and related disciplines.

2. EMACC PROJECTS

The EMACC SDBIP project refers to the education of vulnerable communities on the use of the City's emergency contact number and access to the emergency services. This was achieved through the various awareness campaigns held in different wards in the 2014/15 financial period.

3. CLOSED CIRCUIT TELEVISION PROJECTS

Decentralisation has been realised in the past year with control rooms being opened and operational at the Beach Front and Pinetown respectively. The Beach Front Control Room is situated at the Boscombe Terrace and the Pinetown Control Room is situated at the Pinetown Fire Station. This has allowed CCTV monitoring to be done closer to the areas and address problems related to a particular area better. CCTV control room in Verulam is being built and construction is underway.

3.1 Partnerships

The department has a lot of cases that goes to court and recently an understanding was entered into with the NPA and court A was set aside to deal with all cases emanating from the department. The challenge was getting feedback from cases going to court from the interceptions from CCTV department. To overcome this the department working with SAPS started checking all case numbers that were emanating from CCTV reported incidents and it has been discovered that some of our cases received sentences ranging from 2 to 20 years.

4. CCTV Projects completed:

Some of the priority projects have commenced to other departments, such as a CCTV system dedicated to integrate and monitor banking halls for Chatsworth, Phoenix and Florence Mkhize Treasury Building.

Water Department - which included the integration of the CCTV from all sites
Electricity - Phoenix Depot
Parks Department, integration of 3 stadiums, excluding Moses Mabhida, has been completed.
Parks Department - Redhill Cemetery
Supply Chain Management, Springfield disposal yard, Old Fort Road stores
Pinetown Civic Centre
Linking of the central and west control rooms
Amanzimtoti aquatic centre
Electricity Springfield Depot Phase 1
Electricity Twilight road Depot
As well as additional installations at Rennies house and Shell House Buildings

4.1 The CCTV department has been involved in a number of massive projects that will take the department to a new level of service, the installations of 57 new High speed PTZ dome cameras on the beachfront are well under way and we already have over 27 cameras that are installed and working. The camera 's quality is much higher than we have ever seen before and already we can see that this is the way forward

4.2 The CCTV system has been rolled out to new areas such as Outer West, Isipingo, and PINK (Phoenix, Inanda, Ntuzuma and KwaMashu) areas. As part of the rollout, CCTV system for Disaster Management strategic areas, meaning national key points has been implemented eg.King Shaka International Airport and Engen Refinery

3.11. FIRE AND EMERGENCY SERVICES

The eThekwini Municipality administers a modern and well equipped emergency service that provides a range of services aimed at reducing loss of life, injury, minimising the adverse economic and social consequences resulting from fires and other hazards. Fire and emergency services are provided across the entire area of jurisdiction, guided by the provisions of the Fire Brigade Services Act 99 of 1987. Emergency services delivered fall into two broad categories - Fires and Special services. During the period under review, the service responded to 12 053 fires and 4356 special services. The majority of special services attended involved extricating and treating victims of road traffic accidents. Sadly, during this period fire claimed the lives of 53 people and resulted in an estimated direct loss of R558 223 411.

The fire risk profile of the eThekwini Municipal Area ranges from well-developed central business districts, industrial areas including two of the country's largest petroleum refineries, the country's largest petrochemical storage facility, the continent's busiest port and a network of roads vital to the national economy. The informal settlements and less developed areas of the jurisdiction present the service with unique challenges requiring adaptation and innovation in the application of fire prevention and fire fighting strategies.

The prevention of fire and remains a priority for the unit. This is accomplished by applying a range of programmes and activities. Building plan proposals are scrutinized to ensure that these meet the minimum fire safety requirements of the National Building Regulations and its corresponding codes of good practice. Buildings and other places where the possibility for large loss of life from fire exists are regularly inspected and where conditions are found that could hinder escape or promote the spread of fire are found, enforcement orders are issued. The Fire Safety Branch's favoured method of engagement with its customers remains educating and explaining with enforcement being a last resort.



The extension of service reach while maintaining existing services remains a priority for the unit. To this end plans are in an advanced stage for the building of two fire stations — one in the Verulam area and one in Mkhomazi. These areas were prioritized for service extension based on the municipality's fire risk profile undertaken by the Council for Scientific and Industrial Research [CSIR] as part of a project intended to determine priorities to address social service facility backlogs.

Another area identified as being in need of more responsive emergency services is the Cato Ridge area which includes rapidly developing industrial community as well as currently under-serviced residential communities and the vital N3 National route linking the port with the Gauteng industrial and commercial hub. The unit has re-opened the Cato Ridge fire station and is in the process of rebuilding it to meet the needs of the service as they currently exist.

The long-awaited Verulam fire station is being planned to open for operation by June 2017 following a convoluted process of acquiring a site considered to be the most suitable for the delivery of Fire and Emergency Services.

Once in operation this station will provide fire and emergency services cover to a large part of the Northern region of the municipality's jurisdiction including Verulam, Mdhloti, Redcliffe. Upper Amaotana, Canelands and the N2 national route. The station will provide a response capability to the King Shaka International Airport and will also support the Tongaat and Phoenix fire stations when necessary.

The second phase of the Fire and Emergency Service Unit's Training Centre at Illovo has shown steady progress and once complete will make a significant impact on improving the vital technical skills needed from fire fighters and also afford staff the opportunity to train under realistic yet safely controlled scenarios that simulate what can be expected during actual emergencies. Once fully operational the training centre will be capable of generating revenue by delivering commercial training to commerce and industry which will also support the unit's purpose of reducing loss of life and property from fire and other danger.



Figure 3 Work progressing on the Cato Ridge Fire Station scheduled to open mid 2016

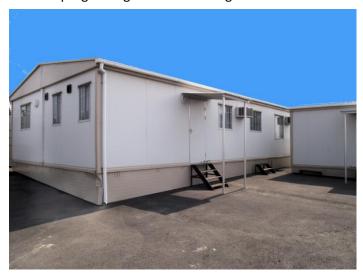


Figure 4 The recently opened pilot-project fire station in Folweni



Figure 5 Fire Crew in front of recently renovated Prospection Fire Station that provides protection to the high risk industrial and residential areas in the Southern regions of the municipality



Figure 6 Pinetown firefighters doing their bit got the "It's my City" campaign

Staffing levels in all sections of the unit is of concern. Fire fighting is and for the immediately foreseeable future will remain a labour intensive line of work. The operational branch of the service is operating well below the staffing levels recommended in the South African National Standards Code of Practice "Community Protection against Fire". While this may not outwardly appear to have had serious consequences for emergency services delivery it has had an adverse effect on staff who consequently feel compelled to engage in tasks that place them at risk rather than waiting for the arrival of support staff to undertake these tasks safely. This futher slows down the deployment of resources as crews have to await the arrival of additional human resources before critical tasks can be accomplished. This is compounded by communities who do not understand the consequences and pressure and occasionally threaten staff to engage in tasks that are contrary to safety protocol. Similar challenges exist in the Fire Safety, Training and Support Services branches.

The unit is engaged in appointing 20 fire safety inspectors who will make it possible to improve the frequency of fire safety compliance inspections and will thus ensure a generally improved level of fire safety throughout the jurisdiction.

The unit is currently restructuring and an area that should be considered as part of this process is the application and engagement of volunteers or retained staff who satisfy the criteria for appointment as fire fighters. Not only will this ease the staffing shortage, but will provide an opportunity for the unit to evaluate volunteer staff in service prior to engagement thus ensuring the appointment of staff with not only the necessary skills but also the important consideration of individuals personal attributes and suitability for appointment as substantive fire fighters.

Gender equity remains a challenge to the unit particularly in the Operational branch where staff often engages in heavy manual labour. Many female members who it was hoped to develop for promotion have been taken into service by private fire brigades in the jurisdiction such as Engen, The National Ports Authority and the Airports Company of South Africa. The unit is currently running a development programme for female firefighters who are considered to have shown potential to become officers in the unit and recruitment drives are encouraging women to consider the fire service as a career. Currently 9.8% of the Operational staff complement is comprised of female members. It is hoped that over the next five years this percentage can be increased to 20%. The ideal of there being a 50% male and 50% female staff complement is not considered to be a realistic short-term target.

Extending of fire and emergency services to areas previously disadvantaged in respect of efficient and responsive emergency services is an ongoing area of concern. The efficiency of the service is to a large degree dictated by how quickly it can reach the scene of an emergency and deploy appropriate resources. The fire risk profile of the eThekwini Municipality ranges from areas of high fire risk in the Central Business districts and industrial areas to low risk in the remote under-developed areas with sparse population densities. The Council for Scientific and Industrial Research is working with the municipality on a number of fronts to determine how best to respond to service delivery backlogs and has provided valuable information based on the municipality's fire risk profile to prioritise the placing of fire stations. The unit is further running a pilot project in the Folweni area where a temporary fire station has been placed into service to not only provide services in the Folweni and surrounding areas but to also guage the value of this station in terms of life and property protection which will assist in the unit's strategic plans for the "roll-out" of other fire stations. It needs to be

emphasized that given the rate of fire growth in both formal and informal dwellings, dependence on a fire station in the neighbourhood is not a substitute for a well-informed community mindful of the dangers of fire and aware of how to properly respond to this danger.

Public safety information and education deserves greater emphasis that is currently enjoys in eThekwini. Elsewhere both in South Africa and internationally, community fire safety education has been shown to significantly contribute to a reduction in life and property loss from fire. The unit remains optimistic that this vital area will receive attention as part of the organisational restructure the unit is currently involved in.

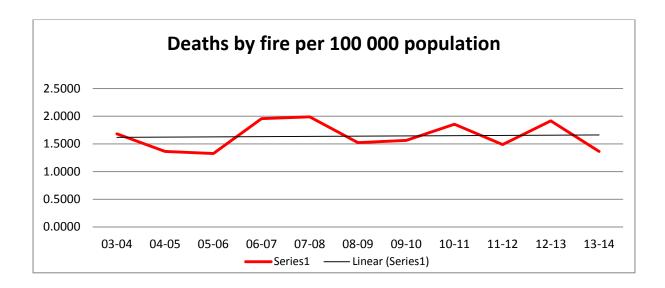
The service has managed to contain the rate of deaths by fire – measured as number of lives-lost due to fire per one hundred thousand head [100 000] population. This against increasing population growth particularly in the informal sector where the greatest number of fire deaths is experienced. With the extension of services as planned, improved staffing levels and the establishment of a formal community fire safety education and information programme, it is envisaged that a downward trend in the fire death rate can be realized.

Physical fitness plays a major role in the life of a firefighter. It is understandable then that the eThekwini Municipality would participate in fitness and sporting competitions where it could measure its achievements against those of other services. In a recent competition known as "Toughest Firefighter Alive" the eThekwini municipality won the team award for the event. The unit also won the national fire service soccer tournament and the women's team won the netball event supporting the opinion across the country that eThekwini takes firefighter health and fitness seriously.

Training has been delivered to other municipal fire services both within and outside the province from the eThekwini Fire and Emergency Services Training branch. It is encouraging to know that the unit can make a contribution to improving the standards of firefighting beyond it area of jurisdiction and in this manner improving the quality of life outside of and elsewhere within the province.



Figure 7 An example of what the Fire Safety branch has to deal with in maintaining routes of escape in case of fire



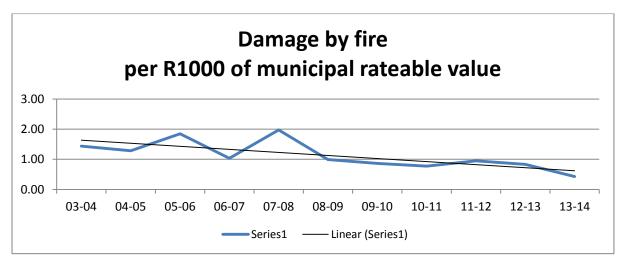


Table 3.13.1 Metropolitan Fire Service Data				
Details	2012/13	2013/14	2014/2015	
Total fires attended in the year	9091	10 483	12051	
Total of other incidents attended in the year	5328	4 498	4358	
Fire fighters in post at year end	530	524	479	
Total fire appliances at year end	78	81	79	
Average number of appliances off the road during the year	104	90	23.5	

Figure 8 The Fire Unit has embarked on a programme to develop deserving women for officer posts in the servic



3.12. PARKS, RECREATION AND CULTURE

The Unit is made up of four (4) Departments namely: Parks, Leisure and Cemeteries; Libraries and Heritage and Sports Recreation Development, including the Executive Office responsible for

Co-coordinating the Marketing & Eventing and the Social Cohesion projects within the Unit.

In this regard the Unit report will reflect both Statistical information and Highlights of each of these Departments.

Parks, Leisure & Cemeteries

The Department conducts its operations across the entire 98 kilometres of the eThekwini Coastline and comprises some 19 Divisions within its jurisdiction. These being the 10 Parks District, the Cemeteries, Pools, Natural Resources, Special Services, Botanic Gardens, Mechanical Services Division, Stadia & Leisure Facilitation as well as the Production & Display Section with 9 Nurseries. The Nineteenth Division of Agriculture has been reunited with Parks, Leisure & Cemeteries Department in the financial year under review.

The total area of cultivated is over 5968.8 Hectares of developed park, some 74 500 hectares of open space with more than 4000 kilometres of river and catchment areas to service.

The Staff compliment stands at 2539 with 184 vacancies. There were also 180 Cooperatives who assisted the Department with cutting of the unmaintained verges throughout the City as part of the initiative to create employment within the Communities. The Department continued with its program of utilizing EPWP Staff for specific identified projects including stream cleaning and General Assistant duties. To this end 163 EPWP Staff were engaged up to the end of the financial year to assist the Department in prioritized Areas.

There are 257 Staff within the Cemeteries Department, with Pools and beaches having 529 Staff.

Libraries & Heritage

Libraries and Heritage Department is made of 5 cultural sections namely Local History museum, Durban Art Gallery, Durban Natural Science Museum, Arts and Living Culture and Libraries. There are 92 branch libraries across the Municipality and mobile library services for the under developed communities with service for patrons who are housebound. The Heritage Division has 12 sites and one (1) Mobile Bus.

Staff composition for the Department stands at 757 Staff with 85 Staff in the Museum.



Sports & Recreations Department

The Department is responsible for promoting mass participation of 15 selected priority Sporting Codes within the 103 Wards targeting communities and schools, as well as to empower communities, educators and volunteers to manage activities in conjunction with the Development. It further runs programs to focus on early identification and nurturing of talent on the entire spectrum of participation from local to national level with the emphases at local level.

The Department facilitates in a Provincial Government Program hosted each year a different municipality within KwaZulu Natal, catering for 5 000 athletes plus approx 250 technical officials, aimed at economically uplifting the municipalities and improving the condition of their facilities, moreover provide opportunities for athletes between the ages 10yrs and 19yrs to be exposed to various codes of sport and to compete at higher levels. It too, has an undertaking to improve the welfare of municipality employees and to promote participation in sport to encourage healthy life style. Sports & Recreation Division have only 18 Staff and Education officers working throughout the City.

The total Unit Compliment of Staff stands currently at 4 481 Employees.

PERFORMANCE TREND

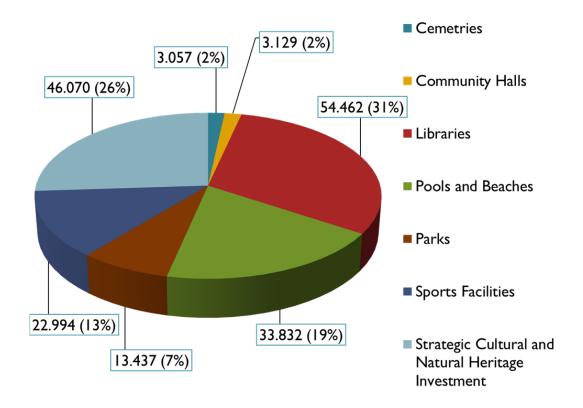
Statistical Information of the Unit

COMMUNITY & EMERGENCY STATISTIC'S 2014/2015	
PARKS LEISURE & CEMETERIES	
FACILITIES	
NUMBER OF SWIMMING POOLS	52
NUMBER OF SOCCER FILEDS	336
NUMBER OF CRICKET WICKETS	66
NUMBER OF BEACHES	40
NUMBER OF HOCKEY FIELDS	5
NUMBER OF RUGBY FIELDS	9
NUMBER OF BOWLING GREENS	5
NUMBER OF NETBALL COURTS	53
NUMBER OF VOLLEY BALL COURTS/COMBI-COURTS	75
NUMBER OF STADIA	6
NUMBER OF COMMUNITY HALLS	163
NUMBER OF GOLF COURSES	2
NUMBER OF CEMETERIES	57
NUMBER OF CREMETORIA	2
NUMBER OF DEVELOPED HORTICULTURAL PARKS	141
AREA OF DEVELOPED HORTICULATURAL PARKS(ha)	5968.8
NUMBER OF VERGE AREAS CUT	6 452 790 sq. metres
NUMBER OF NURSERIES (ha)	9
NUMBER OF DEVELOPED PLAYGROUND SITES	618
NUMBER OF RESCUES – BEACHES	636
NUMBERS OF BATHERS	1 865 605
NUMBER OF BATHERS ON THE BEACH	3 235 998

COMMUNITY & EMERGENCY STATISTIC'S 2014/2015	
NUMBER OF DROWNINGS	3
NUMBER OF BURIALS (excluding paupers)	3494
NUMBER OF PAUPER BURIALS	464
NUMBER OF CREMATIONS	1750
NUMBER OF PUBLIC CONVENIENCES	52
NUMBER OF NATURAL RESOURCE AREAS MAINTAINED	75
NUMBER OF AGRICULTURAL HUBS	7
NUMBER OF LIBRARIES	92
NUMBER OF LIBRARY MEMBERS	334 457
NUMBER OF BOOK ISSUES	3 722 855
NUMBER OF MUSEUMS	11
NUMBER OF MUSEUM VISITORS- DURBAN ART GALLERY	4990
NUMBER OF MUSEUM VISITORS- NATURAL SCIENCE	133 174
MUSEUM	
NUMBER OF MUSEUM VISITORS- LOCAL HISTORY MUSEUM	109 565

UNIT CAPITAL PROJECT HIGHLIGHTS

The total capital Budget for the Unit was R 17 698 100.



Budget Highlights 2014/15

Amongst the highlights of the current financial year, several projects stand out as the Unit's achievements.

The Libraries & Heritage Department is presently involved in two (2) large expansion projects for the City, that of the Centrum Library and the Cato Manor Museum.



Umkhumbane Freedom Park project in Cato Manor

IN 2011, during the reburial of King Goodwill Zwelithini's mother, Queen Thomozile, the eThekwini Municipality stated it would build a R300 million Centre to commemorate Zulu Heritage and boost tourism. R80m has been provided for the first phase, which was expected to be completed by December 2015.



Centrum Site Library

The 15000sq.metre new Centrum Public Library is seen as a catalytic instrument for the rejuvenation of the Inner City. It is planned to be completed in 2018. The net value of this project for the City is R500 million with the both the Local and Provincial government providing an into the budget

The official launch of the GO-WILD mobile Museum in May 2015, as well as the Mobile Library Van to service the Communities who can't access the Libraries and Museums.



Launch of Mobile Museum Centrum Site Library

A few of the other successfully completed Capital Projects rolled out to the Community include:

The upgrade of several of seven (7) of the Swimming Pool's throughout the city, including the iNyoni Pool; Winkelspruit Pool; Anstey's; Merewent 'Tessoriere; Firwood and the Balkumar Singh pools. The long awaited renovation of the Shallcross Swimming Pool will be completed in a few months. A further 3 pools had heating systems installed making them more accessible round the year.



Pipeline Pool

The Parks Department as part of its Capital Projects work installed ten (10) Outdoor Gyms' in various areas which arose from the Councilor and Community requests, which the Department managed to satisfy.



Outdoor Gum in Clermont/Kwadabeka

Several new parks have been established one of which is the Cyenza park and the KwaMathutha park which was initiated as a result of the Local Communities need to establish a park where the Youth could meet. Another example was the completion by the Park's Department of the Grasshopper Park in Mariannridge.



Grasshopper Park established and completed this financial year

The Cemeteries Department made essential repairs to the Mobeni Crematoria stack, whilst it's continued its search to identify suitable land to establish much needed Cemeteries. Much needed additional land for the establishment of a Crematorium in Phoenix and well as Umkomaas have been identified. The required Environmental Impact Assessments and Air Emission applications have been applied for. The Cemeteries department too has been undertaking awareness campaigns to the Community by way of Drama Productions to promote Cremations over burials in view of the shortage of land and space within our City.

SUCCESS & AWARDS RECEIVED

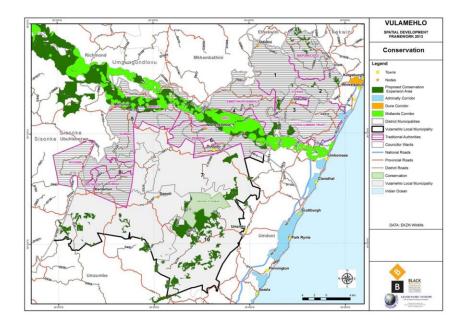
Departmental Highlights & Achievements

Highlights of the financial under review include the winning of the National City Arbor Award for the 2nd time in consecutive years; the hosting of the 9th Annual Living Legends Awards; winning the "gold medal" as the overall achieving Municipal City in the 2014 SALGA games; Hosting the 50 years of Surfing in Durban where the Department announced that it was trying to reinstate Durban as the Surfing Capital of South Africa; the application for 2 Full Blue Flag Status beaches, the spin-off from the Blue Flag Status is that it can promote tourism in our city; and participating in the Commonwealth Games bid for the City.



Winner of City Arbour Awards for 2014

As a City, the Unit has been participating in the amalgamation of various Wards of the Vulamehlo Municipality into the eThekwini Council. The Unit is in discussions with the Municipality and attends monthly meetings to discuss the logistics and planning for the takeover of these 2 and half Wards from the former Municipality.



Social Responsibility & Community Upliftment Program

From a social responsibility perspective, the Unit provided a rich backcloth to the City in the form of Grant -in-Aid funding to promote the Performing Arts and Culture. The Arts & Living Cultures department is taking a leading role in trying to establish eThekwini as a leading Cultural Precinct in the City and the Country as a whole in many and varied Genres. This is in an effort to raise both awareness and create job creation programs within the City. URGENT

Social cohesive integration of Services, both within its own Divisions, the Unit's Department, as well as with its Sister City Units, as well as our Sister Cities Partnerships, was encouraged and forged.

This can be evidenced through the City Clean –up campaigns embarked with all the City's Units as well as its own Stream Cleaning campaigns with the involvement of the local Ward Councillors. The Department a Forestry Student from Bremen as part of its Sister City Twinning Program, for 9 who

assisted the Department in its INK Student Education program. The Unit too hosted the Buffalo City delegation from its Sister Parks Department to discuss and advise on the procedures and operations within the Unit.

The Department is involved on an ongoing The Clean My City Program will target a number of hotspots that are prone to high levels of filth and dilapidation, including the Warwick Junction, Albert Park, Mahatma Gandhi/Point area and Victoria Embankment. This is ongoing as part of Clean my City Campaign.

Other areas that will receive special attention include greater Cato Manor, as well as uMlazi and Isipingo, Clermont and Pinetown, Tongaat and Phoenix as well as Inanda, Ntuzuma and KwaMashu (PINK) areas, greater Chatsworth, and areas of the greater South.

The Department contributes to and reports on its work as part of the City's and Nationals Back-to-Basics program.

Other efforts included the Councillors' and Local Residents in the drive to eradicate one of a growing problems being highlighted in the City – that of illegal dumping and waste being left around.

A highlight for the year, which needs to be recorded, is that fact that the Department, through its involvement in the Festive Season Management Committee (FESMAC) reported that although most of the beaches were filled to capacity, with over 3 million bathers' recorded using our facilities, everything went smoothly. The Department though was saddened to lose its Zero drowning status and recorded 3 unfortunate drowning's over the Festive period. From an Aquatic perspective, the Department through its dedicated Lifeguards and Law Enforcement Officers on the beaches, the respective holiday periods were well managed.



Durban is among the country's top domestic tourist destinations and last year attracted more than 3million visitors

From the above, the Parks, Recreation and Culture Unit is seen to have delivered on its mandate to deliver an integrated environment, heritage & leisure services within the Municipality to enhance quality of life for all Citizen.



3.13. DEVELOPMENT, PLANNING, ENVIRONMENT AND MANAGEMENT(DPEM)

INTRODUCTION

The Unit's function is to lead, direct and manage the use of the built and natural environment to ensure the sustainable and integrated growth and development of our Municipality. The Unit comprises three core departments that contribute to the municipality's sustainability agenda viz: Development Planning, Development Management, and Environmental Planning & Climate Protection and supported by an executive and administrative component.

UNIT STAFF COMPLIMENT

OCCUPATIONAL LEVEL	PROVISION	FILLED	VACANT
Executive (Heads &	4	4	-
Deputies)			
Senior Managers	25	21	4
Managers	51	46	5
Professionally	263	244	19
qualified specialists			
Semi-skilled	76	71	5
Unskilled	11	8	3
TOTALS	430	394	36

OPERATING AND CAPITAL BUDGET

OPERATING BUDGET

e-Thekwini Municipality IN YEAR REPORTING FOR THE MONTH ENDING 30-Jun-15

117 DEVELOPMENT PLANNING & MANAGEMENT
EDP ECONOMIC DEVELOPMENT & PLANNING

Description	ORIGINAL BUDGET	ADJUSTED BUDGET
TOTAL OPERATING REVENUE	74,547,727-	61,532,960-
TOTAL OPERATING EXPENDITURE	274,723,568	250,983,201
(SURPLUS)/DEFICIT	200,175,841	189,450,241
OTHER	48,320-	4,277,280
CHANGE TO (UNAPPROP.SURPLUS)/ACC.DEFICIT	200,127,521	193,727,521

CAPITAL BUDGET

e-Thekwini Municipality Capital Budget - DEV & PLAN UNIT

Job Desc	For the Original Budget	Period Ending Adjusted Budget
EXPENDITURE RELATING TO PROJECTS & PROGRAMMES	3 150 000.00	10 316 220.00
EXPENDITURE RELATING TO DEPARTMENTAL PROPERTY, PLANT & EQUIPMENT	203 000.00	538 900.00

2. 2014/15 KEY PRIORITY PROJECTS

PROGRAMME 1.1: DEVELOP AND IMPLEMENT A SUSTAINABLE AN INTERGRGARTED SPATIAL PLANNING SYTEM

The DPEM contributes to Plan 1(Develop and sustain our natural spatial and built environment) of the eThekwini Integrated Development Plan(IDP) which seeks to promote adherence to a single integrated spatial planning and land use management system that aligns with the City vision and gives effect to social and economic upliftment, spatial integration and spatial transformation, economic vitality, environmental integrity, sustainability and resilience that responds to the needs of citizens, provides informed decisions and inspires confidence for long term public and private sector investment.

In compliance with the requirements of Section 26 of the Municipal Systems Act (2000), the Municipality is incrementally working towards a comprehensive spatial planning and land use management system of which a key aspect is the development of a Planning and Development Management Toolbox which includes a package of plans. In this regard, the following key projects were completed in 14/15:

Spatial Development Framework Review

Review of Spatial Development Plans (North, Central, West and South)

Back of Port Local Area Plan

South Public Transport Corridor densification framework

Mpumalanga Local Area Plan

Review of Town Planning Schemes (North, South, Inner West and Outer West)

Initiation of the Umnini pilot Rural Town Planning Scheme

Introduction of a Public Sector Housing Zone in all the Town Planning Schemes

These projects have a common purpose of facilitating future public and private sector investment as well as establishing appropriate mechanisms for managing land use and development in the Municipal area in the short, medium to long term. In addition to the delivery of these key projects, a

series of cross-border engagements with neighbouring municipalities (Ilembe, uMkhambathini, uMdoni, Vulamehlo) were held in order:

To prevent conflicting initiatives and land uses being implemented on opposite sides of an administrative boundary

To ensure an aligned regional vision with regards to the region's infrastructural development

PROGRAMME 1.2: ENSURE LONG TERM SUSTAINABLITY OF THE NATURAL RESOURCE BASE

Project: Influence City Planning to address environmental sustainability

Investigate and test environmental sustainability approaches, policies and tools

Build capacity and support for environmental sustainability issues through communication and education

Implementation of the Durban Adaptation Charter

Restoration Ecology

State of Biodiversity Reporting

Durban Metropolitan Open Space System (D'MOSS) and Systematic Conservation Asessment (SCA

Targeted implementation tools for sustaining and enhancing biodiversity: Land acquisition

Project: Targeted implementation tools for sustaining and enhancing biodiversity: Environmental Planning Initiatives

Targeted implementation tools for sustaining and enhancing biodiversity: Biodiversity Stewardship

Project: Targeted implementation tools for sustaining and enhancing biodiversity: Giba Gorge Environmental Precinct (GGEP)

Project: Targeted implementation tools for sustaining and enhancing biodiversity: Nature Reserve Proclamation

Project: Influence City Planning to address environmental sustainability

Description

This project aims to ensure that the environmental sustainability and resilience agendas are incorporated into municipal planning and decision-making processes. This integrating function is currently being implemented through two key projects: The 100 Resilient Cities Programme and the Sustainable Horizons Project. The 100 Resilient Cities (100 RC) Programme was initiated by the Rockefeller Foundation in response to the growing frequency, impact and scale of shocks and stresses in urban areas in the 21st Century. The purpose of 100 RC is to assist cities around the world in building urban resilience in the face of such a future. The Sustainable Horizons Project was initially inspired by emerging global thinking around planetary boundaries and environmental thresholds and aims to develop an integrated indicator system that can help to show progress towards a viable and improved future in the eThekwini Municipal Area. The work across these two areas therefore aims to help create a municipal context in which the environmental and resilience agendas become more meaningful, and to provide the tools that can help to measure progress towards the desired future Durban.

In the last year, the 100RC team completed a scoping exercise to understand how citizens understood the concept of 'resilience'. This led to a more intense stakeholder engagement process between March and May 2015 which resulted in the finalisation of 6 resilience themes to be taken forward into Durban's resilience strategy development process. These will focus on Bold and Participatory Governance, Knowledge-centred City, Innovative Place-making, Sustainable and Ecological City, Catalytic and Transformative Economy, and Equitable and Inclusive Society. In the Sustainable Horizons Project, an integrated indicator tool has been developed and the next year will be used to refine the input indicators and test the usefulness of the tool when applied.

Investigate and test environmental sustainability approaches, policies and tools

The purpose of this project is to create space for new environmental sustainability approaches to be tested so that the learnings can be integrated into broader work. A key sub-project within this is the uMhlangane Climate Adaptation Project which aims to explore how a 'business unusual' approach that encourages cross-sectoral planning and decision-making, broad stakeholder engagement and a focus on the city's natural resources as the base for adaptation, can enhance efforts to manage geographic units such as catchments, as key climate change adaptation tools within eThekwini Municipality. The German Federal Ministry (BMZ) funds this project. Although the Environmental Planning and Climate Protection Department coordinates this cross-sectoral programme, the implementation is done in partnership with other municipality departments including Coastal Stormwater and Catchment Management Department focusing on wetland rehabilitation and stormwater management, Economic Development unit focusing on job creation through open space rehabilitation and eThekwini Water and Sanitation Unit focused on monitoring of water quality.

Work has continued on this BMZ funded project over the last year and progress has been made in implementation across all areas of wetland rehabilitation, invasive alien plant clearing and the development of a water quality monitoring station.

Build capacity and support for environmental sustainability issues through communication and education

Key activities include the production of a quarterly departmental newsletter. This focuses on key projects in the Environmental Planning and Climate Protection Department, and shares information on useful tools and resources for those who are interested and active in the environmental arena. Quarterly newsletters have continued to be produced by the department.

Implementation of the Durban Adaptation Charter

Restoration Ecology

The Invasive Alien Species Framework Strategy and Action Plan was updated. Several projects within the plan were completed, including: updating the Emerging Weeds document; updating the State of Invasive Species document; ongoing testing and upgrading of the new Emerging Weed Spotter Website. The annual Weedbuster Week workshop was a great success.

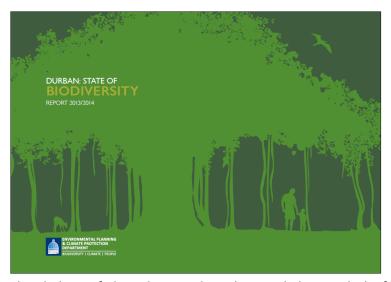
Project: State of Biodiversity Reporting

The purpose of Durban's State of Biodiversity report is to track the municipality's performance in terms of biodiversity and ecosystem services protection and management. This is one of the ways in which progress in achieving the city's sustainability objectives specifically relating to the protection of biodiversity and the concomitant ecosystem services that it provides to all the citizens of Durban can be determined. Indicators are used to trend spatial and temporal information on biodiversity ensuring that appropriate management interventions can be put into place before natural thresholds are exceeded as the loss of biodiversity and related ecosystem services put humanity at increasing risk, e.g. from food and water insecurity and extreme events. The State of Biodiversity report is one of the Environmental Planning and Climate Protection Department's (EPCPD) most important communication tools, summarizing the work that the EPCPD, and sister branches, Natural Resources and the Natural Science Museum do and can be used as a tool to inform decision-making around activities that will impact positively or negatively on the city's biodiversity.

In the 2014/2015 financial year the sixth State of Biodiversity report was produced by the Environmental Planning and Climate Protection Department and reported on information relevant to the previous financial year (2013/2014). In addition to the key indicators that are reported on every year, this most recent report focused on some of the work done by the Durban Botanic Gardens - Africa's oldest surviving botanic gardens.

*Details on each indicator and biodiversity-related stories can be found in the full report. All reports (including the most recent) are available electronically and can be downloaded by clicking here or by contacting Natasha Govender (Specialist Ecologist: Biodiversity Planning

Key observations from the State of Biodiversity report (produced December 2014)



An interesting, critically endangered parasitic plant found in Durban - a reminder that Durban is a global biodiversity hotspot,

A new emerging weed, *Rubus ellipticus*, in the Hillcrest area,

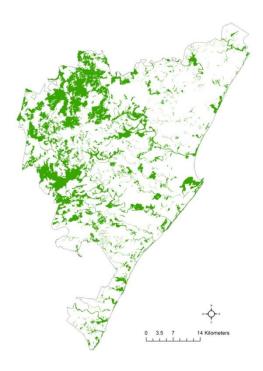
The story of an environmental champion nurtured through the Department's large-scale environmental restoration projects,

The alarming decline of the Black-

headed Dwarf Chameleon at Chameleon Park due to a lack of management focus, and a partnership with the University of KwaZulu Natal that shows how Durban is bridging the science-policy interface.

Project: Durban Metropolitan Open Space System (D'MOSS) and Systematic Conservation Assessment (SCA)

In 2014/15 a new iteration of the Systematic Conservation Assessment (SCA) and associated technical report was produced (Figure 1). The outputs of the SCA have been mainstreamed through the workflow of the Environmental Planning and Climate Protection Department through a series of workshops and presentations. These outputs of the SCA were used to inform the production of a new D'MOSS layer, which is pending approval. A draft Biodiversity Sector Plan, a requirement of the Memorandum of Agreement with Ezemvelo KZN Wildlife, was also completed. This Biodiversity Sector Plan (BSP) has been developed for the eThekwini Municipality as a precursor to a bioregional plan. The purpose of a bioregional plan is to provide a map of biodiversity priorities (identified as Critical Biodiversity Areas¹ and Ecological Support Areas²) with accompanying land use planning and decision making guidelines, to inform land use planning, environmental assessment and authorisations as well as natural resource management by a range of sectors whose policies and decisions impact on biodiversity.



Project: Targeted implementation tools for sustaining and enhancing biodiversity: Land acquisition

Environmental land acquisition is a <u>municipal capital project</u> and the Environmental Planning and Climate Protection Department (EPCPD) of eThekwini Municipality has since 2002 received a small annual capital budget for the acquisition of environmentally sensitive land in the eThekwini Municipal Area (EMA). This is line with Programme 3 of Plan 1 of the Integrated Development Plan

¹Critical Biodiversity Areas are those areas of natural or near-natural features, habitats or landscapes that include terrestrial, aquatic and marine areas that are considered critical for (i) meeting national and provincial biodiversity targets and thresholds (ii) safeguarding areas required to ensure the persistence and functioning of species and ecosystems, including the delivery of ecosystem services; and/or (iii) conserving important locations for biodiversity features or rare species. Conservation of these areas is crucial, in that if these areas are

not maintained in a natural or near-natural state, biodiversity conservation targets cannot be met.

²Ecological Support Areas, are those area required to support and sustain the ecological functioning of the critical biodiversity areas.

(IDP) which outlines the requirement for ensuring the long-term sustainability of Durban's natural resource base.

Since 2002, the Department has acquired approximately 520 hectares of priority green open spaces, thus substantially increasing the area of land owned by the Municipality which is designated for environmental protection. The properties that the Municipality acquires all fall within the Durban Metropolitan Open Space System (D'MOSS), are vacant, either private or other state-owned and are considered essential for meeting the Municipality's sustainable development, biodiversity and ecosystem services conservation and climate protection obligations and objectives. Land acquisition as undertaken by the Environmental Planning and Climate Protection Department is part of a drive to ensure the sustained supply of environmental services to the residents of the city.

Project: Targeted implementation tools for sustaining and enhancing biodiversity: Environmental Planning Initiatives

The role of the project is to implement the Systematic Conservation Assessment/D'MOSS through the use of town planning instruments such as rezoning, sub-divisions and scheme amendments as and when required. This process is aligned with the acquisition of prime conservation land. During the 2014/2015 financial year, land acquired between 2009 and 2014, was re-zoned to Environmental Conservation Reserve. Regionally, the additional conserved areas amounted to the following extent:

Outer West: 301,031ha

Central: 45,812ha

North: 1,65ha

Inner West: 1,0212ha

South: 0,4849ha

Total: 349,9994ha

Project: Targeted implementation tools for sustaining and enhancing biodiversity: Biodiversity Stewardship

Biodiversity Stewardship is a proactive, intervention that the eThekwini Municipality is introducing. It involves strong public-private partnerships that result in good biodiversity management practice and in tangible benefits for landowners. In 2012/2013, a task team was set up comprising members of all the branches of the Environmental Planning and Climate Protection Department with the aim of engaging in meaningful discussion on how to take stewardship forward in the city. In 2013/2014 the task team initiated two pilot projects, Inanda Mountain Grassland Conservation and the Giba Nature Reserve Proclamation. Both of these pilots have progressed well in 2014/2015 with significant gains in addressing conservation issues in the area. Highlights for 2014/2015 include the formation of a community comprised conservation committee at Inanda Mountain and the successful eKZN Wildlife Site Assessment at Giba Nature Reserve.

In addition to the above, two new pilots have been started at KwaXimba and Molweni (the latter under the administration of the abaThembu Traditional Authority). These two additional pilot

projects have been meet with a positive reception from the local community members and leadership with both areas progressing towards signing legally binding Biodiversity Agreements with the eThekwini Municipality. A river park has also been implemented along the Molweni River which seeks not only to improve the ecological integrity of the river corridor, but also to provide recreational amenitie_)s (in the form of benches, tables and braai's) for local community member.

Project: Targeted implementation tools for sustaining and enhancing biodiversity: Giba Gorge Environmental Precinct (GGEP)

The Giba Gorge project is a collaboration between private landowners and the eThekwini Municipality to manage a common area (Giba Gorge) for conservation and recreation that is compatible with conservation. The aim is to build an effective tool to contribute toward the management of the Municipality's biodiversity assets. The Giba Gorge Environmental Precinct (GGEP) was established in July 2009 after being endorsed as a Special Rating Area (SRA) by the eThekwini Council.

The Municipal Property Rates Act (2004) makes provision for the formation of SRAs for the supply of 'top-up' services to specific areas. The GGEP is the first to utilize this legislated tool for environmental management purposes. Spearheaded by proactive members of the Giba community and eThekwini Municipality's Environmental Planning and Climate Protection Department (EPCPD), this pilot project aims to develop an effective partnership between citizens and local government to manage a common natural resource.

Funds for management activities are raised from private landowners (through an additional levy over and above their property taxes) and a contribution from the Municipality, which owns a significant portion of land in the Gorge. In addition to ongoing contributions from the Municipality to manage its land, the Municipality has agreed to provide co-management funds to help alleviate some of the financial burden on private landowners during the first few years of operations.

Project: Targeted implementation tools for sustaining and enhancing biodiversity: Nature Reserve Proclamation

The eThekwini Municipal area is situated in one of the world's 35 Global Biodiversity Hotspots, namely the Maputaland-Pondoland-Albany hotspot and contains three of the country's eight vegetation types. Protection of biodiversity that is found in this area is not only important for sustainable flow of ecosystem services but it is also important for ensuring that the eThekwini Municipality contribute to the National Protected Area Expansion Strategy of 2008 Consequently the municipality has been working with Ezemvelo KwaZulu-Natal Wildlife (EKZNW) in making use of the provisions of the National Environmental Management: Protected Areas Act (Act 57 of 2003) to proclaim eleven of the municipality's Nature Reserves. The table 1 shows progress of each of the Nature Reserves in terms of proclamation.

PROGRAMME 1. 3: DEVELOPMENT AND IMPLEMENT MUNICIPAL COASTAL MANAGEMENT PROGRAMME

PROGRAMME 1.4: MANAGE AND REGULATE THE BUILT ENVIRONMENT

Building applications

Implementation of Building Inspectors Extension Strategy.

Mentorship and Training.

Maintain Turnaround time on all cases submitted for prosecution

3. CHALLENGES & MITIGATIONS (These have arranged according the programmes and projects)

PROGRAMME 1.1

KEY CHALLENGES	MITIGATING MEASURES
Negative Media Publicity	The department has an electronic complaints
The department has experienced a fair amount	management system which helps with internal
of negative publicity in the media. This is our	routing and tracking of complaints received. In
observation is fuelled by the lack of awareness	addition, we have a collaboration with Sizakala
on the part of citizenry regarding the role,	Centres on the basis of which Sizakala staff are
responsibility and processes of the department	able to capture and refer complaints relevant to
based on the applicable legislative mandate.	the department electronically. Furthermore, a
	communication plan has been developed for
	15/16 which includes proactive citizen
	awareness via print media.
Response to Rural Hinterland	A rural development strategy was initiated and
Planning and land use regulation of rural areas in	will be adopted during 15/16. This work will go
eThekwini continues to be a challenge due to	long way in defining appropriate socio-economic
limited expertise and institutional dynamics.	and institutional interventions. Other initiatives
	currently underway include the finalization of a
	pilot rural town planning scheme for Umnini as
	well as the formalization of the umbumbulu
	town which will include but not limited to
	allocation of development rights, secure land
	tenure, land use management directives, etc.
Response to Urbanization	Further to the City Densification Strategy
eThekwini experiences sustained urbanization	developed by the department and adopted
which requires a number of responses from an	during 13/14 financial year, the preparation of
urban management perspective.	the South Public Transport Corridor densification
	framework was completed in 14/15. Amongst
	other strategies, this framework has identified
	specific pilot densification nodes for which a
	statutory planning process to allocate
Limited Internal Funding	development rights is currently underway.
Limited Internal Funding	The department has successfully influenced the
Funding for planning projects is gradually	allocation of the Integrated Cities Development
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spatial transformation and integration.	,
	-
decreasing which in turn limits the ability of the department to champion the much needed spatial transformation and integration.	Grant (National Treasury) to drive the spatial transformation agenda in eThekwini. The emphasis going forward will be the implementation of the plans that have been developed in order to realize the intended goals.

PROGR AMME 1.2(Key Challenges)

Project: Influence city planning to address Environmental Sustainability

KEY CHALLENGES	MITIGATING MEASURES
Environment is still viewed as a peripheral agenda and this makes it difficult to embed critical ideas into municipal planning The work involved in this project requires the Environmental Planning and Climate Protection Department to convene multiple departments and to coordinate work across them. This can be challenging.	The work that is planned as part of the Municipality's Strategic Environmental Assessment may help in better articulating the contribution of the natural environment to human wellbeing and development. The outcomes will be embedded in spatial plans The EPCPD recognises that much of this work is very new and the department therefore identifies key skills and expertise that can help in thinking through and driving new agendas
The pioneering nature and broad spectrum of work that is covered under this project means that it is often difficult to integrate new concepts into existing city policies and planning processes because of the high number of competing priorities, plans and programmes in the City that will be perceived to have a higher immediate priority. In addition, the scale of the work often exceeds the capacity of the small team that is responsible for coordinating it.	There is a need to fill the remaining (currently unfunded) vacancy in the branch that manages this work. This will be motivated for in due course.

PROGR AMME 1.2(Key Challenges)

Project: Investigate and test environmental sustainability approaches, policies and tools

Key challenges	Mitigating Measures
A key challenge lies in coordinating work across	The EPCPD has committed resources of its own
multiple departments, especially when there is	(in terms of dedicated staff) who ensure that the
funding involved. Given that the challenges	programme is well managed. However, it would
facing the city will increasingly require	not be possible to sustain this on a larger scale. It
departments to work together in trans-	is advisable for departments to carefully consider
disciplinary ways, it is important to consider how	the conditions attached to funding contracts and
such initiatives are appropriately resourced to	making allowance for administrative support to
ensure effective coordination from both a	oversee implementation where this is
technical and financial management perspective.	appropriate
This is made more difficult by funding conditions	
that are complex	
An additional challenge lies in convening	
multiple departments in a collaborative way	

Key challenges	Mitigating Measures
when there is not a direct incentive (e.g. funding) for them to participate.	

PROGR AMME 1.2(Key Challenges)

Project: Build capacity and support for environmental sustainability issues through communication and education

Key challenges	Mitigating Measures
Ensuring that content remains relevant and	Introduction of a new format for the newsletter
interesting for those who are reading the	and implementation of tools to monitor
material.	readership.

PROGRAMME 1.2(Key Challenges)

Project: Implementation of the Durban Adaptation Charter

Key challenges	Mitigating Measures
Finding funding to support DAC implementation.	Capacity building and developing
	implementation plans in smaller less resourced
	municipalities.

PROGRAMME 1.2(Key Challenges)

Project: Restoration Ecology

Key challenges	Mitigating Measures
Requests were received for the WFE Programme	The WFE programme was extended to Stockville
to assist in Stockville wherein thick infestations	with a plan that it would clear IAPs whilst the
of invasive alien plants were serving as refuge for	WoF Programme will manage the grassland in
criminals and the Stockville grassland was being	terms of applying fires and firebreaks to protect
burnt by strangers thus posing threats to	properties.
properties.	
The WFE Programmes was also requested to	WFE controlled all the encroaching species (IAPs
intervene in controlling the encroachment of	and the indigenous woody plants) that were
both IAPs and indigenous species which were	threatening the Treasure Beach grassland. Once
threatening the Treasure Beach grassland, which	done, an arrangement was made with Parks to
is a remnant of the endangered KZN Sandstone	continue managing the site but should they need
Sourveld (KZNSS).	more assistance, WFE will be recalled.
Land invasions affected both the WFE and the	The Department of Land Invasion was called in
Community Reforestation Programmes	to assist with communities wanting to put
	structures on sites. Ward Councillors were also
	informed and the matter at Roosefontein
	seemed to be under control up to now
With contracts of all the Large-scale Green	Attempts to speed up the appointment of a

Key challenges	Mitigating Measures
Programmes (i.e. WFE, WoF and Community Reforestation Programmes) coming to an end in June 2015, this meant controlled burns could not be applied throughout the burning season. This created a serious risk for the Municipality as there was no programme to do firebreaks	Service Provider to implement the WoF Programme were put in place but the appointment is still not finalized. Proposal undergoing Procurement Processes and seemingly no firebreaks nor controlled burns can still be applied
around areas prone to runaway fires Sites under the Community Reforestation Programmes (CRP), such as Buffelsdraai, were exposed to illegal dumping, livestock grazing and arson fires	CRP teams were requested to report anyone spotted doing illegal dumping on CRP sites, meetings with neighbouring communities were held and people were requested to refrain from grazing their livestock in the CRP sites and further grazing is illegal and a standby team was put in place to deal with arson fires.
One Programme Manager was on and off due health related reasons for much of the year. This resulted in severe backlogs especially in the Working on Fire Program Staff shortage especially in Admin support greatly affected the productivity of the Banch	Posts have been created but not yet advertised.

PROGRAMME 1.2(Key Challenges)

Project: State of Biodiversity Reporting

Challenges	Mitigating measures		
One of the challenges with producing the annual State of Biodiversity report has always been the ability to obtain good quality, consistently managed data	In order to ensure that the report maintains its credibility, information is requested well in advance of publication and significant time is allowed for adequate scrutinisation of data. Any data that appears erroneous is excluded. The need for good quality data for the production of the annual State of Biodiversity report has also resulted in an improvement in data management systems within the Department.		

PROGRAMME 1.2(Key Challenges)

Project: Targeted implementation tools for sustaining and enhancing biodiversity: Land acquisition

Challenges	Mitigating measures		
In the 2014/2015 municipal financial year, the	This was possible through requesting a budget		
EPCPD received a budget of R 3,15 million but	t adjustment and utilizing additional funds mad		
spent almost two time this budget (R	available by the Unit.		
5,990,090.00) on environmental sensitive land.			

PROGRAMME 1.3

Key challenges	Mitigating Measures
There was a challenge in meeting the target for Coastal Management Programme: There has been no progress on this Programme because the eThekwini Municipality is still waiting for the Provincial Coastal Management Programme to be approved.	

PROGRAMME 1.4: MANAGE AND REGULATE THE BUILT ENVIRONMENT

Building applications

Key challenges	Mitigating Measures
One of the biggest challenges experienced by the Branch is the facilitation of development without compromising legal compliance. The challenge is not so much as regards compliance with the National Building Regulations and Building Standards Act but rather as regards all other applicable laws. To this end staff training is provided and every effort is made in order to reduce the turnaround time of applications. Steps are also being taken better define roles and responsibilities and to rationalize and refine processes particularly with regards to linkages with other departments both internal and external to the Municipality.	Ongoing in-house training is also a means of addressing skill shortages associated with the recruitment of staff.
Challenges with regards electronic business management tools	This challenge is being mitigated by means of alternative record keeping and monitoring systems

Building Regulations/Inspectorate

Key challenges	Mitigating Measures
Non-compliance with NBR	Monitor, issue transgression notice
Problem Buildings(dilapidate, dangerous and derelict)	A prolem building bylaw introduced to mitigate.

d) Enforcement and prosecution

Challenges	Mitigating measures
, ,	Using Civil mechanisms to bring offenders
compliance is quite rampant	before the Civil Court and in the process serve

Evasive Offenders: Offenders evade officers who require to prosecute in person	Criminal Processes
Deceased Estates: Owners are deceased and contravention needs to be served on executors	Communication tools to inform offenders of pending prosecutions
Challenge faced when Executor not appointed	Tracing tools to locate offenders
Owners Relocated: Prosecution of owners in other Provinces or Countries are a challenge	Civil Processes to appoint administrators of Deceased Estates Applying for and executing Warrants of Arrest to deter offenders

4. SUCCESSES & AWARDS RECEIVED

PROGRAMME 1.1

The following are the highlights of some of the successes achieved

Successful co-hosting of the biannual South African Planning Institute conference in 2014 which was attended by planning professionals from across the African continent

Cogta award for the best Spatial Development Framework 14/15

Successful implementation of the pilot Town Planning Masters graduate internship programme in partnership with UKZN. This is now a permanent programme from 15/16 onwards.

Finalisation of key requirements for the implementation of the Spatial Planning and land Use Management Act (Act No 16 of 2013) which became effective from the 1st July 2015

Planning processes in preparation for the incorporation of a portion of Vulamehlo Municipality into eThekwini after the 2016 Local Government elections successfully initiated.

PROGRAMME 1.2

Project: Investigate and test environmental sustainability approaches, policies and tools

Successes

Durban's selection as one of the first 32 cities globally to participate in 100RC was a significant success and Durban continues to lead thinking in this space.



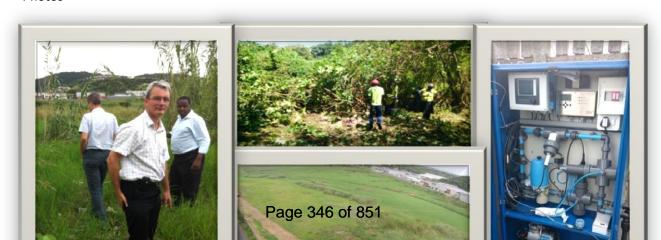
Durban's Resilience agenda-setting workshop in Sep 2014, with Dr Debra Roberts (Chief Resilience Officer for Durban) and the 100RC team from New York.



The 100RC stakeholder engagement process between March and May 2015.

Securing BMZ funding has allowed exploratory work in the arena of ecosystem-based adaptation to continue

Photos



Wetland rehabilitation work in Riverhorse Valley, invasive alien plant clearing and the establishment of an advanced water quality monitoring station in the Umhlangane River.

Implementation of the Durban Adaptation Charter

Successes and awards

The Durban Adaptation Charters (DAC) aims to encourage local governments around the world to prioritise adaptation as a key strategy in their response to the challenge of climate change. Hosting the DAC secretariat raises eThekwini Municipality's profile globally and confirms our city as a leading figure in the global climate change challenge.

This has been a very successful year for DAC implementation. The establishment of a DAC secretariat hosted by Durban, with support from a service provider has allowed the DAC to substantially improve communications with its signatory base. A substantial number of opportunities were communicated with DAC signatories, for example two funded adaptation course opportunities were taken up by five DAC signatory cities; the service provider has also started the process of verifying the DAC signatory database. The DAC Steering Committee met again during ICLEI's Resilient Cities Congress in Bonn and an implementation plan for 2015/16 was decided. The DAC Secretariat presented the DAC at a number of international symposia, including a Resilient Cities Congress in both Bonn and Bangkok. Two further agreements to cooperate were signed between the DAC and the City of Bogotá and the Asian Cities Climate Change Resilience Network respectively. The DAC Compact was strengthened this year and a launch is being planned for the DAC Regional Workshop event in October 2015. A three day climate change learning exchange was co-hosted with MILE. A number of city-city exchanges have been completed including Kinondoni Municipality to Durban, Durban to Dar es Salaam where all Tanzanian local authorities agreed to convene Compacts and the Mozambican cities of Pemba and Quelimane sent delegations for a climate change exchange. Finally, the DAC secretariat co-developed an adaptation reporting page in ICLEI's global platform for citybased climate change reporting, and the first 50 DAC signatory cities started reporting. The DAC Secretariat also provided support for Mayor Nxumalo in His Worship's successful effort to be elected as ICLEI's first Vice President.

We are reminded, too, of the importance of partnerships between and among signatory cities and implementing agents to affect meaningful climate change action. In this respect, the DAC Secretariat has been fortunate to receive strong support from ICLEI – Local Governments for Sustainability, who have hosted a number of these signing ceremonies at international meetings arranged by them, the maintenance of the DAC website and their continued commitment to partner with Durban for the long term implementation of the DAC. Individuals from a number of internationally-based organisations have continued to contribute substantially to progress made with the DAC during 2014/15. This includes USAID for their generous funding and the ICMA for their assistance with the

hosting of further CityLinks exchange visits. There has been substantial expert input from a growing number of expert individuals from other organisations within the DAC Steering Committee.

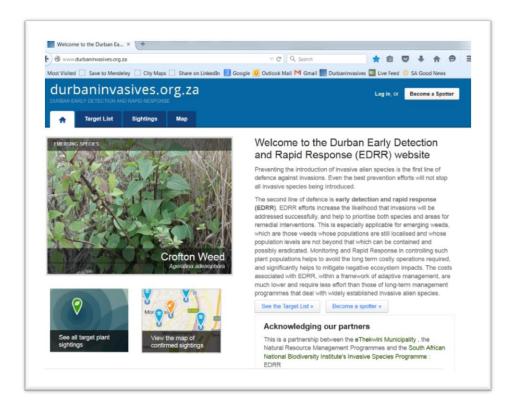
Restoration Ecology

Successes

The large-scale invasive alien plant control programmes, implemented within the Restoration Ecology branch, continued successfully. This work includes the Working on Fire (WoF) and Working for Ecosystems (WFE) programmes. Key objectives include control of invasive alien plants and fire in key catchment areas, as well as involvement and employment of local community members. 278 ha of initial, 2982 ha of follow-up, and 396 ha of maintenance level invasive alien plant control was achieved. 194ha controlled block-burns, 14.4ha fire break and 39296m of tracer belts were burned. A total of 307 job opportunities were created, resulting in 28981 person days worked. A total of 14 fully black-owned small businesses were supported and mentored through this period. Staff training amounted to a total of 1064 training person days.

The branch's reforestation work undertaken (at Buffelsdraai and Inanda Mountain) have continued successfully throughout 2014-2015. At least 38 permanent jobs, 4 part time jobs, and 30 contractor jobs have been created. A combined total of 242 treepreneurs traded their trees, out of 540 registered. 20 foodpreneurs were developed and supported, and 28 home food gardens were established. The Environmental Education component of the programme was initiated, and is now in operation. The first phase of the weir construction was finalised. The research partnership was finalised, and research with the University of KwaZulu Natal has already made good progress (see further details below).

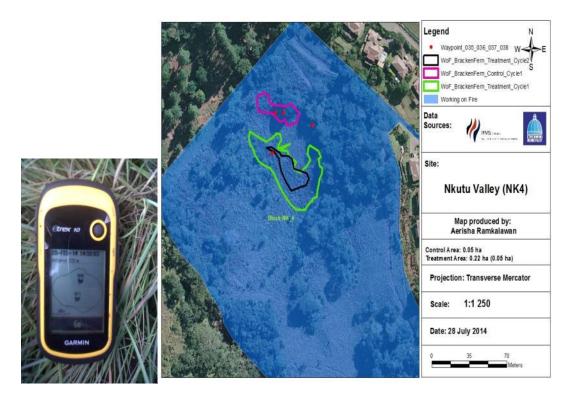
Research within WoF and WFE programmes has progressed, including in a.) value-added industries such as the production of biochar, b.) remote sensing of invasive alien species and c.) sustainable learning pathways linked to Expanded Public Works Programmes, d.) bracken fern control, and e.) measuring biomass as part of veld condition assessment. The Reforestation Research programme, now fully up and running, provides students with the opportunity to research critically important aspects of reforestation, restoration and the associated socio-economic and climate change impacts. Since the inception of the programme in July 2014, there are a total of 13 students enrolled in the reforestation research partnership, including 10 MSc's and 3 PhD students who are fulfilling the key research areas. These include researching the socio-ecological benefits of the activities within the project, using a research-based approach for developing a long-term monitoring and assessing the impacts of climate change on the project.



IAS Fig. 1 Spotter Website



WFE Pic. 1: Stockville site wherein the WFE programme got involved in controlling invasive alien species, in response to concerns raised by neighbouring communities



WoF Pic. 1: After 11 months, it seems that the Bracken is best controlled when hand pulling is applied at a frequency of 8 weeks. However, it has to be a continuous treatment. Fire seems to stimulate the growth of this invasive weed



CRP Pic. 1. Tree planting team in action 2. Food items purchased through the credit note/barter systems. 3. The newly constructed weir.

Project: Targeted implementation tools for sustaining and enhancing biodiversity: Giba Gorge Environmental Precinct (GGEP

Successes

The Giba Gorge Environmental Precinct (GGEP) Special Rating Area had a successful year in 2014/2015. The GGEP team has again been increased to 10 individuals, sourced from BBBEE contractors. The Ndabushe trail to McIntosh Falls has recently been upgraded with improved watercourse crossings and easier contour paths. All planned block and break burns were completed by August 2014 however, the dry winter coupled with late spring rains saw an unplanned fire burn significant portions of grassland and forest near the N3. The GGEP team are working hard to ensure the complete rehabilitation to those forests which were damaged, focusing their attention to the forest and grassland patches along the N3, with the ultimate goal of reaching and clearing the main McIntosh Gorge. Areas cleared in previous years were all subjected to at least two alien plant clearing follow ups. Animal sightings were plentiful in 2014/2015 with Caracal, Genet, Grey Duiker, Bushbuck, Porcupine and Bushpig all sighted within the GGEP.







GGEP figure 1. Grey Duiker, Porcupine and Genet captured using a recently acquired Camera Trap.

Project: Targeted implementation tools for sustaining and enhancing biodiversity: Nature Reserve Proclamation

The eThekwini Municipality collaborated with the Ezemvelo KwaZulu-Natal Wildlife in developing the proclamation documents for the Roosfontein Nature Reserve that were submitted for authorisation to the MEC of Economic Development, Tourism and Environmental Affairs.

A gazette notice, for proclamation of the Roosfontein Nature Reserve, was also prepared.

In addition to the Roosfontein Nature Reserve, the eThekwini Council approved the proclamation of a further ten eThekwini Municipality Nature Reserves as legally recognised Nature Reserves.

The surveyed Proclamation Diagrams for the Burman Bush Nature Reserve and New Germany Nature Reserve were developed and approved by the Surveyor General's office.

Silverglen Nature Reserve and Virginia Bush Nature Reserve were surveyed and new Surveyor General diagrams for these Nature Reserves were produced.

Table 1: The eThekwini Nature Reserves proclamation progress

Nature	Nature	Hand plans	Survey	Survey	Management	Approval	Approval of	Approval	Proclamation	Proclamation	Public	Proclam
Reserve	Reserve	requested	required	diagrams	and Zonation	by EM	proclamati	by	Approved by	Documents	participatio	ation /
	boundaries	(yes/no)	(yes/no)	complete	plan	Heads	on by EM	EKZNW's	the EKZNW's	Submitted to	n process	Gazette
	finalised			(yes/no)		and the	Executive	Executive	Board	MEC (COGTA)	approved a	Declarat
						Municipal	Committee	Committee		& MEC	nd	ion
						Manager				(EDTEA)	commenced	
Burman					1st draft							
Bush	Yes	Yes	Yes	Yes	complete	Yes	Yes	No	No	No	No	No
					2nd draft							
Empisini	Yes	No	No	N/A	complete	Yes	Yes	No	No	No	No	No
Marian					2nd draft							
Wood	Yes	Yes	No	N/A	complete	Yes	Yes	No	No	No	No	No
New					1st draft							
Germany	Yes	Yes	Yes	Yes	complete	Yes	Yes	No	No	No	No	No
Paradise					3rd draft							
Valley	Yes	Yes	No	N/A	complete	Yes	Yes	No	No	No	No	No
Pigeon					2nd draft							
Valley	Yes	Yes	No	N/A	complete	Yes	Yes	No	No	No	No	No
Roosfont												
ein	Yes	Yes	Yes	Yes	Complete	Yes	Yes	Yes	Yes	Yes	Yes	No
Silverglen	Yes	Yes	Yes	Yes	1st draft	Yes	Yes	No	No	No	No	No

					complete							
Springsid e	Yes	Yes	No	N/A	2nd draft complete	Yes	Yes	No	No	No	No	No
Virginia Bush	Yes	Yes	Yes	Yes	1st draft complete	Yes	Yes	No	No	No	No	No
Giba Gorge	Yes	No	No	N/A	1st draft complete	Yes	Yes	No	No	No	No	No

Project: Targeted implementation tools for sustaining and enhancing biodiversity: Land acquisition

The total of 99 hectares of critical biodiversity areas were secured (Table 1 below). All properties acquired in 2014/2015

Property description	Valuation	Other costs (Transfers etc)	Area (hectares)
Portion 329 of the Farm Upper End of Lange	R 550,000.00	R 12,607.26	0.368
Fontein No. 980			
Remainder of Portion 292 (of 2) of The Farm Drift	donation	donation	43.829
No. 90			
Portions 35, 36, 338, 339, 340, 341, 342 & 343 of	R 1,400,000.00	R 22,200.00	2.011
Lot No 2 1668 (Widenham)			
Ptn 394 (of 31) of the Farm Uitkomst and	R 2,500,000.00	R 26,828.75	47.119
Doornrug			
Erf 2248 Amanzimtoti	R 180,000.00		0.215
Ptn 347 The Drift No. 907	R 600,000.00	R 15,500.00	4.047
Erf 1107 Kloof	R 620,000.00	R 15,500.00	1.145

PROGRAMME 1.4

Building applications

For the period 01 July 2014 to 30 June 2015 99.99 % of all applications submitted were decided on within the prescribed timeframes.

The 2014 Building Control Officers Convention was hosted by eThekwini Municipality at an event held at the Durban ICC on 26 September 2014. The event was attended by delegates from municipalities across the country.

Building Inspectorate

MILE MASTER CLASS and TECHNICAL SUPPORT:

- Energy Efficiency Master Class with Local Authorities in KZN,
- Technical Support with Local Authorities in KZN.

TURN AROUND TIMES FOR APPLICATIONS:

• 100% of applications for Certificates of Occupancy facilitated and issued within 14 days from date of application in terms of NBRs, for Q1 (2015/2016).

Enforcement and Prosecution

Demolition of Unauthorised Structures.

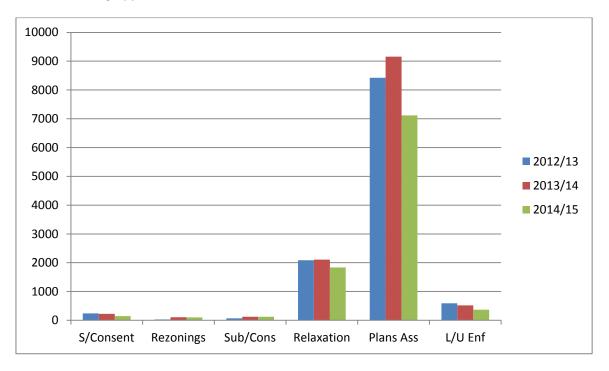
Collection of fines

Application and Execution of warrants

PEFORMANCE TRENDS (Tables & Graphs) Analysis for the past three years including 2014/15 Please ensure written analysis is included

PROGRAMME 1.1:

(Town Planning Applications)

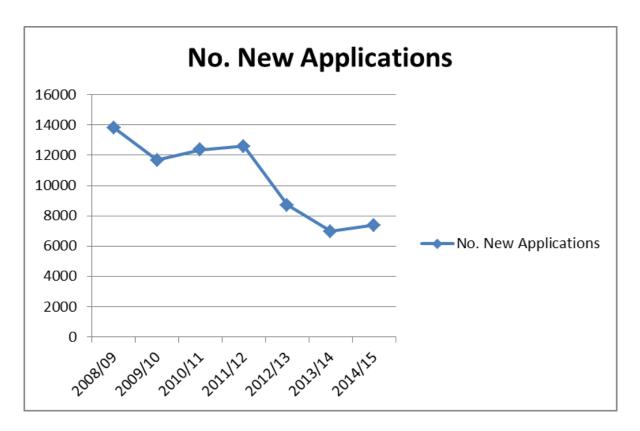


The above chart reflects that in the main, the bulk of applications processed were relaxation of building lines (in excess of 6000 over the three years) as well as Planning clearance of building plans (up to 10000). This indicates a combination of people investing more in their existing properties (additions and alterations) and some implanting projects that have already been through Planning approval. This trend has had a positive spin off in the economy of eThekwini particularly the construction industry.

The department accounted for a total income of R3 854 652.00 for the 14/15 financial year derived from town planning applications.

PROGRAMME 1.4

Building applications



The graph shows a general decline in the number of building applications submitted to THE eThekwini Municipality beginning in 2011/12.

2014/15 however showed promise with a 6% increase in the number of new applications submitted as compared to the previous financial year.

TURN AROUND TIMES FOR APPLICATIONS:

Building Inspectorate

99% of applications for Certificates of Occupancy

facilitated and issued within 14 days from date of

application in terms of NBRs for 2014/2015.

FUTURE FOCUS -15/16

PROGRAMME 1.1

The department will continue to facilitate spatial transformation at different levels of planning based on our package of plans concept viz

Local Area Plans x 1

Functional Area Plans x 4

Precinct Plans x 1

Corridor Planning and implementation x 2

Adoption of the R293 Town Planning Scheme

Finalisation of outstanding SPLUMA implementation mechanisms (e.g Planning Bylaw, Appeal Structures, etc)

Proactive communication of plans and programmes

PROGRAMME 1.2

Project: Durban Climate Change Strategy

Communicating the strategy to line functions to determine what their implementation will be

PROGRAMME 1.4

BUILDING APPLICATIONS

The focus of the development Applications and Approvals Branch for 2015/16 includes seeking to improve the processes associated with the assessment of building applications. The intention is to better define roles and responsibilities not only of internal departments and external role players but also that of the appointed professionals. It is envisaged that this will include the mapping of a process based on logical progression through the various steps that are required in order to avoid any duplication or unnecessary circulations of building applications that may otherwise occur.

MITIGATION FOR UNAUTHORISED BUILDING WORKS:

Special task Team to be formed,

Focus on Priority Areas,

Replicate in all 5 Regions.

3.14. ETHEKWINI HEALTH UNIT

The purpose of the Health Unit is to provide an integrated health service encompassing the principles of the primary health care approach and inclusive of clinical, social and municipal health services; so as to ensure that the eThekwini community enjoysaccess to health care services as well as an environment which is conducive to good health status and quality of life leading to increased life expectancy.

Health services in the municipal health unit are comprised of personal and non-personal health care. Non personal health care is defined by the National Health Act 61 of 2003 as Municipal Health Services (MHS) and pertains to environmental factors external to a person, which may impact negatively on the health and the well-being of the population. As outlined by the act, MHS is a function of the municipalities.

The provision of personal health is a function of the national and provincial government. The provision of personal health by municipalities is explained in the National Health Act, chapter 5 (District Health System), section 32 which outlines how Primary Health Care can be provided by the municipalities through a service level agreement signed by MEC and municipality.

2014/2015 KEY PRIORITY PROJECTS

- Expansion of the Air Quality Network
- Enhancement of Environmental Health Services
- Air Quality Management Plan
- Ideal clinic
- Reduction of the burden of HIV/AIDS and TB
- Early provision of Antenatal Care for pregnant women
- Establishment and implementation of School Health Services

CHALLENGES AND MITIGATION

- Sub-optimal deliver of the Municipal Health Services function
- Lack of specialist environmental health service practitioners
- Poor skills base at all levels inclusive of the professional categories
- Poor work ethic
- Municipal principals highlight health as an unfunded mandate with minimal funding provision for improvement of infrastructure and additional staffing requirements
- High turnover of skilled PHC professional nurses due to remuneration below provincial and market rate

SUCCESSES AND REWARDS

- Commencement of a review of the cities air quality management plan
- Creation of an Air Emissions Licencing section which has become one of the best in the country
- Expansion of the cities air quality monitoring network so as to be more representative of the entire EMA
- 99% of HIV positive pregnant women put on treatment
- Transmission of HIV to unborn or newly born babies reduced to 1%
- 98% of all persons HIV positive provided with treatment
- Improvement in pulmonary TB treatment success rate
- Six clinics renovated with infrastructure and size upgrade

PERFORMANCE TREND (Tables & Graphs) ANALYSIS FOR THE PAST THREE YEARS INCLUDING 2014/2015 – Please ensure written analysis is included.

HIV, AIDS and Tuberculosis:

The municipality remains one of the hardest hit by the scourge of HIV and TB; with prevalence of HIV amongst pregnant women hovering at around 39% and TB found in almost two thirds of patients with HIV. It therefore remains important that the municipality engages in activities that seek to reduce infection and ensure that the infected persons receive the required care.

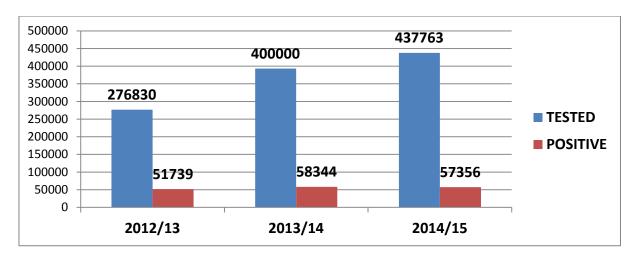


Figure 1: The number of HIV tests conducted has steadily increased over the past three years, whilst the number of positive persons has somewhat remained in the same range.



The Mayor of eThekwini Municipality is at the forefront of encouraging municipal citizens to get an annual HIV test, know their HIV and get the correct support for infected and affected persons and families. At the core of this campaign is education on how to stay negative and minimise the spread of HIV infection.

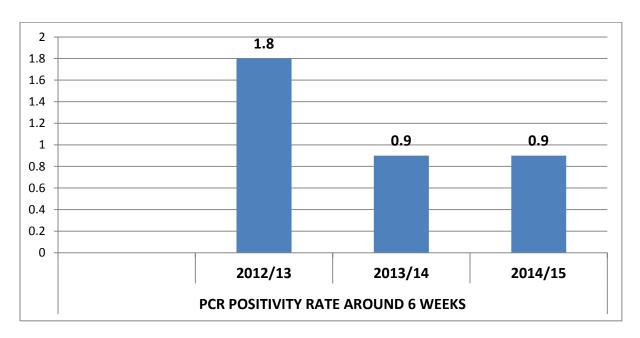


Figure 2: The HIV positivity rate in children exposed to HIV during birth has reduced and remains under 1% for the past two years.

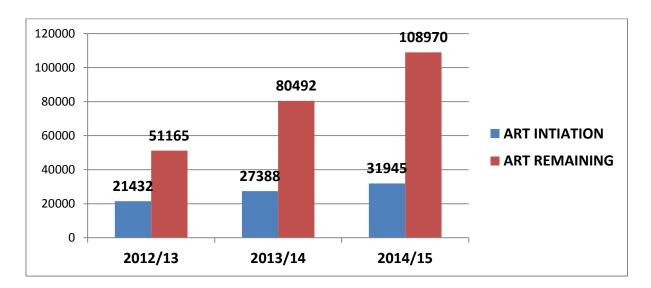


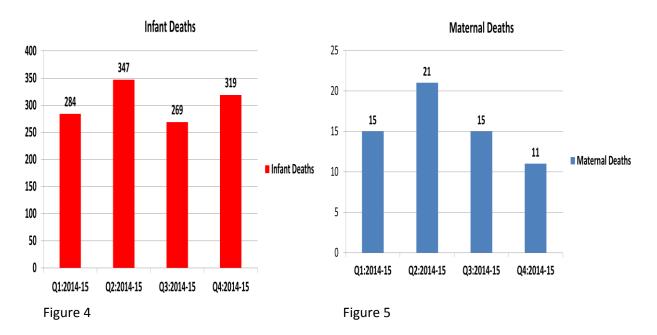
Figure 3: The number of patients has increased by approximately 28 000 patients per year over the past two years through new initiations and patients transferred into municipal clinics.

	New Pulmonary Smear Positive TB			
	Cure Rate	Successfully Treated		
Q1 – Q4 2012	73.90%	79.80%		
Q1 – Q2 2013	78. 4 %	83.90%		
Q1- Q2 2014	76.80%	78.80%		
Q3/2013 to	75.1%	78.8%		
Q2/2014				

Table 1: Over the past three the TB treatment success rate is around 80%. A decline is success and cure rates is noted in the first two quarters of 2014 due to the stringent timing of the criteria that qualify for determination of successful treatment.

Maternal Child and Women's Health:

Maternal and Infant Mortality remain stubbornly with the following deaths reported in hospitals within the EMA:



The quality and timing of clinic level care for the pregnant mother and the infant is of utmost important and one of national imperatives is to ensure that pregnant women attend basic antenatal care within the first half of pregnancy so as to avoid death from unforeseen complications of HIV, TB, Hypertension, and Haemorrhage which remain the top causes of maternal deaths. Pnuemonia, diarrhoea, HIV, TB and malnutrition are the leading contributory factors to deaths in children under one year.

The unit has thus focussed on mobilising pregnant women to attend antenatal care early so that complications can be identified and dealt with timeously.

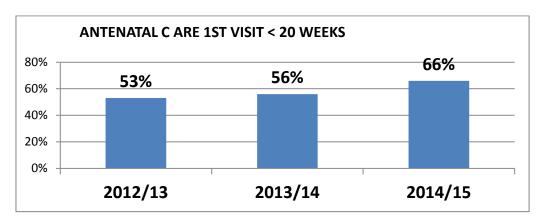
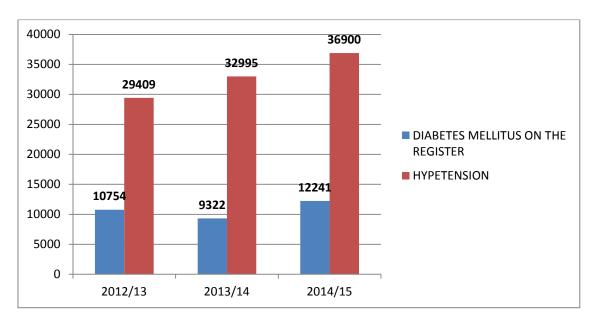


Figure 2: Women attending clinic for first time in current pregnancy within the first 20 weeks of pregnancy:

Non Communicable Diseases:

The rise in sedentary lifestyle as well as the unhealthy eating habits has contributed to a steady increase in non-communicable diseases and related deaths.



Improvements in Air Quality Monitoring:

The city's air quality monitoring network must be expanded so as to be more representative of the entire EMA.

The figure 6 below indicates the extent of the expanded network within the EMA and the graphs below (Figure 7) indicate significant reductions over time in the ambient concentrations of the pollutant Sulphur Dioxide have been achieved over time due to interventions implemented by the Health Unit together with various stakeholders.

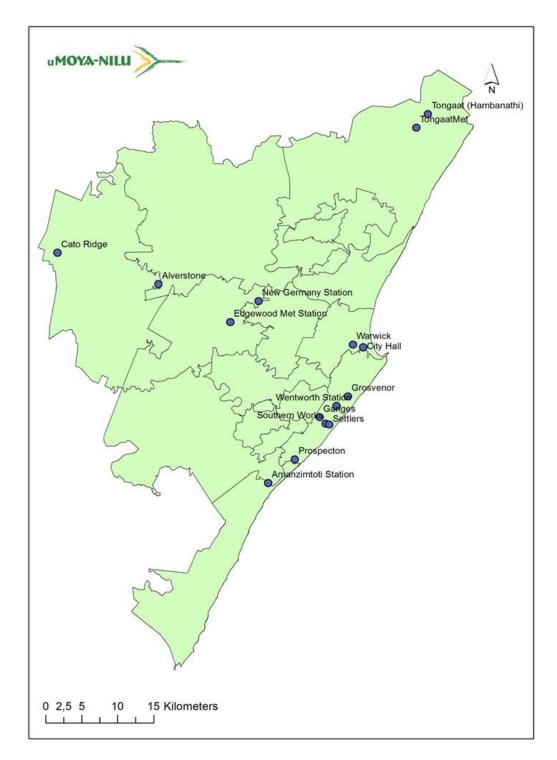
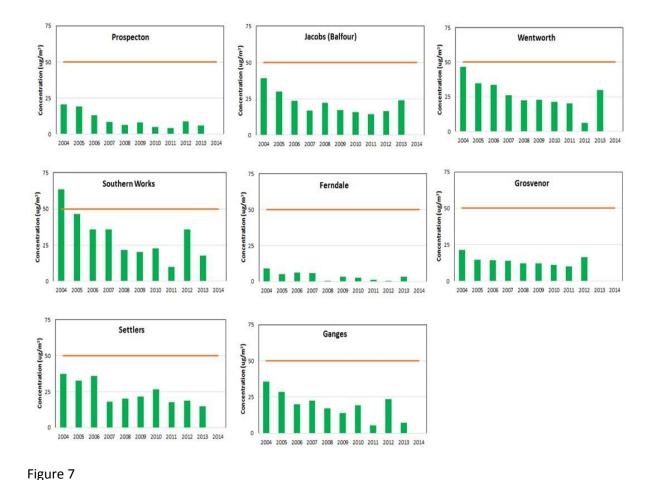


Figure 6



FUTURE FOCUS - 15/16

- Focus on preventing environmental atmospheric pollutants from MHIs
- Improve developmental aspect and preventative approach in the provision of environmental health services
- Improve quality of individual health care provision
- Ideal Clinic Realisation in one third of municipal clinics
- Progress towards meeting the National Core Standards in municipal health facilities
- Attaining triple 90% HAST principles: 90% of persons infected with HIV and TB knowing status,
 90% of patients remaining in care and 90% of ARV patients with viral load suppression/90% TB patients cured
- Maintaining child HIV below 1% and moving towards elimination of HIV transmission from parent to child.
- Expanding community based medication collection points and chronic clubs
- Strengthen management capacity
- Institute a program to care for the carer

CHAPTER FOUR: ORGANISATIONAL DEVELOPMENT PERFORMANCE

UNIT PROFILE

The Corporate & Human Resources Cluster of the eThekwini Municipality consists of the following Units: Human Resources, Organisational Development & Change Management, Occupational Health & the eThekwini Municipal Academy.

The HR Unit aims to be a proactive, innovative and efficient business partner providing human capital strategies and interventions to line management. The HR Unit provides specialised HR services relating to recruitment and selection, labour relations management, pay and leave administration, staff administration, grading and remuneration, sick leave management, employee wellness, rewards and recognition systems, performance management systems, talent management and succession planning, scarce skills retention initiatives, policy development & administration, organisational diagnostics and employment equity.

The Corporate & Human Resources Cluster's functions and responsibilities address many of the IDP requirements to ensure effective service delivery and community development. These include raising the skills levels and development of employees; improving productivity, efficiency and effectiveness of the Municipality; and creating a positive organisational climate throughout the Municipality.

2014/2015 KEY PRIORITY PROJECTS

1) Human Capital Metrics

- Assessments Centres
- Communications & Marketing Strategy
- HR Information & Metrics
- Employee Induction
- Employee Engagement
- Talent Identification, Development and Succession Planning Pilot Project

2) Talent Management

- Talent Management Committees
- Attraction & Retention Strategy and Initiatives
- Coaching and Mentoring

3) Human Resources Management Information Systems (HRMIS)

- Integrating DRL Systems
- Self Service
- Online Leave
- Time and Attendance

4) Performance Management

Performance Management Training for all new staff in TK5 to 18

5) Employment Equity

- Council EE Plans
- EE and Skills Development Committee
- PWD Task Team

CHALLENGES & MITIGATIONS

Talent Management

- Competing demands and priorities of various stakeholders across a number of different functions
- Cancellation and/or postponement of scheduled TMC dates
- Talent reviews are not part of business imperatives and not included in the business calendar
- · Integration of Talent Management, Employment Equity and Recruitment

Human Resources Information System

- Roll-out of Self Service to employees who are not on Outlook
- Licensing and access to Self Service
- Focus is on users who have computers only (approximately 8000 users)

Performance Management

- Generally staff are not keen to be performance managed
- In some instances rewards are seen as more important than outcomes
- Non-attendance at training as scheduled

Employment Equity

- Integration of Employment Equity with Talent Management, Skills Development, and Performance Management
- Lack of skills for key positions
- · Major shortage of PWD and women with required skills and competencies

Human Capital Metrics

 Some projects are subject to the participation and availability of other role players outside of the HR Unit

SUCCESSES & AWARDS RECEIVED

- 1) Talent Management Roll out of Phase 1 of the Coaching and Mentoring Programme, Phase 2 ready to be rolled out
- 2) Developed a Council Wide Employment Equity Plan
- 3) Executive online leave is live
- 4) Self service sites for the public and employees established
- 5) Council wide employee induction video developed

Table 1

KPI 1	Develop and implement strategic intervention to address the three (3) key outcomes arising from the Internal Perception Study (2012/2013; 2013/2014) Provide accurate, valid and reliable human capital metrics, analysis and recommendations (2014/2015)
KPI 2	Implement the Succession Planning and Talent Management framework

KPI 3	Create an integrated HR system to provide for accurate and timeous remuneration of employees and enable management to effectively manage their human resources
KPI 4	Develop and implement an electronic recruitment system that will provide a professional and cost effective recruitment process with improved turn around time
KPI 5	Implement the performance management system for all new staff (2013/2014) Provide performance management training for all new staff in TK5 to 18 (2014/2015)

Table 2

	KPI 1	KPI 2	KPI 3	KPI 4	KPI 5
2012/2013	95%	80%	90%	77%	
2013/2014	85%	80%	80%	100%	70%
2014/2015	100%	100%	88%		75%

Graph 1

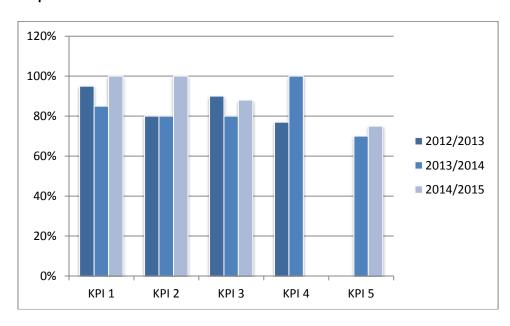


Table 1 indicates the HR Units KPIs from 2012/2013 to 2014/2015.

Table 2 indicates the performance targets achieved for each KPI over the 3 years.

Graph 1 represents the performance targets achieved for each KPI for each year.

Analysis:

For KPI 1, the analysis of the targets achieved indicates that the target actuals increased by 2014/2015.

For KPI 2, the trends indicate that by 2014/2015, performance had increased and talent management and succession planning targets were met.

For KPI 3, the analysis of the targets achieved over the 3 years indicates a decrease in performance due to numerous delays and challenges faced in terms of the system.

For KPI 4, the trends indicate that by 2013/2014 the electronic recruitment system was fully implemented.

For KPI 5, the table indicates that this KPI was only added in 2013/2014. The trends indicate that the performance over the 2 years had increased.

Employees:

The Municipality has embarked on an ongoing extensive campaign to fill its funded critical & vacant posts. Every effort is being made to ensure that all funded critical & vacant posts are being filled to optimize effective service delivery at all levels. Good progress has been made, however it should be noted however that in view of the normal process of natural attrition (labour turnover) there will at all times be a certain number of vacancies in the organisation which is unavoidable.

	2014 / 2015						
Description	Funded Posts	Employees	Funded Vacancies	Vacancies			
	No.	No.	No.	%			
Water (Water & Sanitation)	3414	2996	418	12.24 %			
Waste Water (Sanitation)							
Electricity	2888	2203	685	23.71			
Waste Management (Cleansing & Solid Waste)	2186	2016	170	7.77 %			
Housing	475	420	55	11.57 %			
Waste Water (Stormwater Drainage) (Engineers Stormwater)	1589	1296	293	18.43 %			
Roads (Engineers Roads)	245	196	49	20 %			
Transport (Transport Authority)	186	146	40	21.50 %			
Planning (Planning & Development)	123	112	11	8.94 %			
Local Economic Development (Economic Development & Investment Promotion)	45	38	7	15.55 %			
Community & Social Services (Parks, Leisure & Cemeteries)	3607	3199	408	11.31 %			
Environmental Protection	35	31	4	11.42 %			
Health	1388	1138	250	18.01 %			
Security and Safety	3500	3101	399	11.4 %			
Sport and Recreation (Sports & Development)	19	19	0	0			
Corporate Policy Offices and Other							
(Corporate & Human Resources,	5479	4429	1050	19.16 %			
Governance & Office of the City Manager)							
Totals	25179	21340	3839	15.24 %			

Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of tota posts in each category)	
	No.	No.	%	
Municipal Manager	1	0	0	
CFO	1	0	0	
Other S57 Managers (excluding Finance				
Posts)	6	3	50 %	
Other S57 Managers (Finance posts)	1	0	0	
Police officers	1751	96	5.48 %	
Fire fighters	519	39	7.51 %	
Senior management: TK 16-18 (excluding Finance Posts)	380	103	27.10 %	
Senior management: TK 16-18 (Finance posts)	39	14	35.89 %	
Highly skilled supervision: TK 11-13				
(excluding Finance posts)	3066	524	17.09 %	
Highly skilled supervision: TK 11-13 (Finance posts)	293	48	16.38 %	
Total	5538	827	14.93%	

Note: * Posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made).

Turn-over Rate

Tutti over nate				
Details	Total Appointments as of beginning of Financial Year	Total number of employees who occupied posts at the beginning of the year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	No.	
2008/2009	2053	15743	466	2.96%
2009/2010	2287	16585	471	2.84%
2010/2011	2643	23494	632	2.69%
2011/2012	1895	22452	815	3.63%
2012/2103	2024	23164	820	3.54%
2013/2014	2432	23209	810	3.49%
2014/2015	1880	21721	1060	4.88%

^{*} Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year

MANAGING THE MUNICIPAL WORKFORCE

The Municipal Systems Act of 2000, Section 67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair, efficient, effective, and transparent personnel administration in accordance with the Employment Equity Act of 1998.

Range of policies and management practices

The Municipality operates with an array of policies which is made available to staff during induction & via the intranet. The eThekwini Municipality has made much progress in the development and implementation of the required workforce policies and procedures. It is constantly reviewing these to ensure their continued applicability and relevancy and developing new policies and procedures where required.

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	Name of Policy	Completed	Reviewed	Date adopted by Council or
		%	%	comment on failure to adopt
1	Affirmative Action	100%	100%	15 August 1994, 12 August 2004 (as amended)
2	Attraction and Retention	100%	100%	10-Mar-06
3	Code of Conduct for employees	100%	100%	19-Sep-01
4	Delegations, Authorisation & Responsibility	100%	100%	Adopted by Council on the 25 th February 2015.
5	Disciplinary Code and Procedures	100%	100%	21-Apr-10
6	Essential Services	100%	100%	30 June 1997, 17 Nov 2008 (as amended)
7	Employee Assistance / Wellness / Substance Abuse	100%	90%	Policy Review Pending approval
8	Employment Equity	100%	100%	Adopted by Council 4 th December 2014
9	Exit Management	100%	100%	5-Jul-05
10	Grievance Procedures	100%	100%	11-Jul-03
11	HIV/Aids	100%	100%	14-Nov-01
12	Human Resource and Development	100%	100%	4-May-07
13	Information Technology	100%	100%	24-Aug-07
14	Job Evaluation	100%	90%	Policy Review Pending approval
15	Leave	100%	100%	1-Jan-04
16	Occupational Health and Safety	100%	100%	Comply with Act
17	Official transport to attend Funerals	100%	100%	18/04/2011
18	Official Working Hours and Overtime	100%	100%	1 Jan 2004, 1 July 2007 (as amended)
19	Organisational Rights	100%	100%	25-Apr-05
20	Payroll Deductions	100%	100%	8-Apr-04
21	Performance Management and Development	100%	100%	28-May-09
22	Recruitment, Selection and Appointments	100%	90%	Reviewed Policy Pending Approval
23	Remuneration Scales and Allowances	100%	100%	21-Apr-10
24	Sexual Harassment	100%	100%	Reviewed Policy Adopted by Council 4 th December 2014
25	Skills Development	100%	100%	Comply with Act
26	Smoking	100%	90%	Reviewed Policy Pending Approval
27	Scarce Skills	100%	100%	25- Oct-10
28	Uniforms and Protective Clothing	100%	100%	3-Jun-91

29	AARTO	90.00%		Pending National Deployment
30	Employee Parking Policy	100%	90%	Reviewed Policy Pending
				Approval
31	Talent Management	100%	100%	15-Sep-10
32	Dress Code Guidelines	100%	100%	2-Aug-10
33	Ex-gracia Compensation for loss of	100%	100%	2-Aug-10
	Personal effects			
34	Incapacity Management Policy &	100%	100%	25-Apr-06
	Procedures / Ill Health / Injury			
35	Guidelines on Secondment & Transfers	100%	100%	10-Sep-07
36	Re-Imbursive Locomotion Allowance	100%	100%	1999 Scheme
	Scheme			
37	Notching on Appointment	100%	90%	Reviewed Policy Pending
				Approval

FUTURE FOCUS - 15/16

- 1. Human Capital Metrics
- Assessments Centres
- Communications & Marketing Strategy
- HR Information & Metrics
- Employee Induction
- Employee Engagement
- Talent Identification, Development and Succession Planning Pilot Project
- 2. Talent Management
- Talent Management Committees
- Attraction & Retention Strategy and Initiatives
- Coaching and Mentoring
- 3. HRMIS
- Integrating DRL Systems HR Dashboard
- Self Service
- Online Leave
- Time and Attendance
- 4. Performance Management
- Performance Management Training for all new staff in TK5 to 18
- 5. Employment Equity
- EE Awareness Programme
- Diversity Training
- Women and PWD Empowerment
- EE Communication Strategy
- EE Compliance (DOL)

OCCUPATIONAL HEALTH AND SAFETY UNIT

Occupational health and safety is the promotion and maintenance of the highest degree of physical, mental and social well-being of workers in all occupations by preventing departures from health, controlling risks and the adaptation of work to people, and people to their jobs. (ILO / WHO 1950)

The purpose of the Occupational Health and Safety Unit is the surveillance of the work environment, identification and assessment of health hazards. Surveillance of employee health in relation to work, to prevent illness, promote the health and psycho-social well-being of employees. Individually and collectively, in accordance with highest professional standards and ethical principles.

The Occupational Health and Safety Unit conducted several programmes that focused on employee safety and health and workplace hygiene, including additional programmes such as the implementation of the workplace HIV/ AIDs wellness programme that is unique to the needs and requirements of eThekwini Municipality.

These integrated programmes provided targeted, customised interventions designed and implemented to ensure compliance with health and safety legislation; creation of a safe and health-promoting work environment, prevention of accidents and injuries and facilitated effective behaviour change for better health and safety within the target worker population. The programmes included comprehensive Health Risk Assessments and auditing, risk mitigation, Medical Surveillance of those exposed to occupational & environmental stress factors, resilience building and close collaboration with stakeholders.

Occupational health and safety unit staff compliment is 76. Budget was spent as follows:

Budget 2014/15	Budget	Spent
Capital budget 2014/15	R1 600 000	R1 384 757
Operating budget 2014/15	R50 810 085	R40 969 875

2014/15 KEY PRIORITY PROJECTS

In line with above, the Occupational Health and Safety Unit achieved and exceeded 100% of its SDBIP targeted interventions this year. Compliance was achieved in respect of the six performance indicators viz. medical surveillance, health risk assessments, HIV counselling and testing programmes, wellness programmes, peer educator programmes, safety audits, safety training and safety inspections and comprehensive safety interventions to reduce the Disabling Injury Frequency Rate relevant to Injuries on Duty.

Health and Safety Inspections

The annual target for Health and Safety Inspections was 550. Achieved: 719

Health and Safety Inspections were conducted in Units at various clusters, to ensure legal compliance. The main focus areas were Water & Sanitation, Wastewater Operations and Durban Solid Waste depots. Recommendations from these inspections have resulted in refurbishment action plans for some of these areas. In Parks, Libraries, Culture and Recreation unit, facilities were inspected recommendations were made and reports were forwarded to management. Field and depot inspections were conducted in the Engineering unit. Compliance was found to be acceptable in above areas.

Overachieving was due to request by Line Management and staff and labour complaints about unsatisfactory conditions in the work environment, we had to do additional inspections and follow up inspections. This was not pre-planned work, but based on the need. This was considered as urgent and was above that of normal planned work. Line Management required inspection reports so that they can plan capital budget estimates for upgrades, renovations and additional space. This necessitated additional inspections above that which was pre-planned.

Health and safety inspections were done in the following units City hall, Community participation, Roads and storm water, Surveying and land information, Parks, Cleansing and solid waste, Engineering etc. Recommendations from these inspections have resulted in refurbishment action plans for these areas. Recommendations were made and reports were forwarded to management.

Wellness Programmes

The annual target as per business plan was 80 wellness programmes

In this financial year 151 wellness programmes were achieved. The higher than expected achievement was due to the high uptake of wellness events linked to the Diabetes Awareness week held in the second quarter of the year as well as high demand for depot and departmental based wellness interventions and the additional capacity sourced to meet those demands. The wellness days aimed to sensitize employees to the risk of diabetes and to prevent and manage lifestyle diseases by encouraging good diet and exercise.

Occupational Health Medical Surveillance Programme

The annual target for medical surveillance programme is 10,000 interventions.

Medical surveillance for legal compliance (as per the Occupational Health and Safety Act) and to limit health and safety risks includes pre-placement medical examinations, periodic medical examinations, immunizations, biological monitoring, medical interventions, incapacity assessments, occupational disease review and investigations.

Onsite primary health care is offered at the seven regional occupational health clinics as an additional service to employees.

Medical surveillance planning sessions were completed for all units which included the revision of risk based matrices. We achieved 10 925 medical surveillance interventions in this financial year. Overachieving was due to higher than anticipated recruitment or pre-placement medicals. This was further enhanced with the more efficient and revised regionalized OH nursing services system which is now operational.

Occupational hygiene surveys

The annual target for baseline risk assessments was revised from 45 to 75.

We completed 75 surveys in this financial year. This was due to the higher number of Approved Inspection Authority (AIA) surveys completed because of higher capacity and demand. The units where occupational hygiene surveys were completed include: City health, Occupational Health and safety, Fire department, Water and Sanitation Unit, and Parks Unit. The surveys completed focussed on ergonomic hazards, industrial noise exposure, whole-body vibration exposure and hazardous biological agents risk assessments.

CHALLENGES & MITIGATIONS

The unit also has long standing challenges in attracting and retaining safety officers and Occupational Medicine practitioners. To address the safety officer scarcity, the unit has included graduate trainees in the proposed organogram in order to develop our in-house talent.

SUCCESSES & AWARDS RECEIVED

OHS had lots of achievements in the financial year which included the following:



Roll out of Construction regulation to all affected service units such as Water and sanitation, Electricity, Engineering etc.



Commenced the roll out of Injury On Duty training workshop in units such as Engineering, Electricity, Skills development, and Parks

Completed a service level agreement with Ushaka Marine World to provide them with safety and medical services

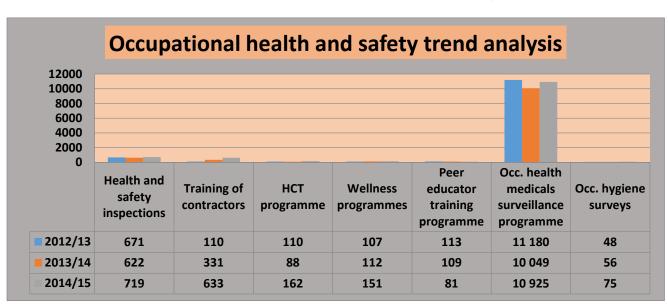


Established an annual event for world health and safety day which is an internationally celebrated event



Developed our own health and safety training manuals e.g. Accident/incident investigation, general health and safety training. Occupational health safety did health and safety training for 7000 people.

PERFORMANCE TREND ANALIYSIS FOR THE PAST THREE YEARS INCLUDING 2014/15



FUTURE FOCUS 2015/16

The future focus for Occupational health and safety unit is to continue building on our achievements and continuing towards service excellence.

CHAPTER FIVE – FINANCIAL PERFORMANCE

5.1. Introduction

The municipality continues to be in a strong financial position underpinned mainly by an outstanding cash collection rate, growth in revenue, moderate gearing, stable debt, and strong liquidity.

In addition, the Municipality continued its proud record of always receiving an unqualified audit report.

Furthermore, despite the current economic climate the Municipality managed to maintain its investment grade credit rating of AA- in the long term and A1+ in the short term with a positive outlook. The long-term rating means that the Municipality has very high credit quality, protection factors are very strong, and adverse changes in business, economic or financial conditions would increase investment risk although not significantly. The short-term rating means that the Municipality has the highest certainty of timely payment, short-term liquidity, including internal operating factors and/or access to alternative sources of funds is high, and risk factors are extremely low. This is the highest rating in the municipal sector. It must also be noted that the rating agency clearly indicated that they would have considered an upgrade in our rating, however, the challenges around the sovereign rating did not permit this. As per their email, "The rating panel did debate an upgrade, and felt that our concerns with the financial health of the State (and potential sovereign rating downgrade) warrants retaining the ratings at the current levels."

Expenditure

Total expenditure grew by 9% in 2014/2015. The biggest costs relate to Bulk Purchases (32%) and Salaries and Wages (27%). Accordingly, we have made representations to NERSA and the Umgeni Water Board to ensure that the electricity and water tariff increases are kept to a minimum. In addition, staff productivity has been a key management issue, and only critical vacancies have been filled.

Importantly, the Municipality has increased its investment in managing its assets, and accordingly, Repairs and Maintenance as a percentage of total expenditure increased (9.3%). This indicates that the Municipality's assets are being adequately maintained and that there is a long-term vision in terms of sustainability.

The total capital spend for the year under review was 92%, however, if housing top structures are included, this increases to 93%. The main reasons for the under-spend were delays due to environmental issues, land ownership issues, and delays in plant and equipment being delivered from overseas.

Implementation of the Standard Chart of Accounts (SCOA) is a key project. The main purpose of SCOA is to develop transparency and expenditure control in each sphere of Government. This will be done by introducing uniform expenditure classifications in line with Provincial and National Governments, generally recognized accounting practice (GRAP) and uniform Treasury norms and standards nationally.

The annual financial statements and consolidated annual financial statements were timeously produced in terms of the legislative requirements and complied with the relevant accounting standards. The budget was also timeously approved and all legislated requirements and timeframes were met. National Treasury commended us on the quality of our budget. Some of their comments included:

- "The Metro's budget-related narratives are well-written and add meaning to the numbers in the main and supporting budget tables."
- "There is also evidence of strong alignment between the budget and IDP."
- "The Metro's strong net cash position would confirm that the 2015/16 budget is effectively and substantially funded and that the cash flow is sustainable over the MTREF."
- "The Metro is commended for having a comprehensive asset management plan in place that identify the highest infrastructure risks, provide for long term cash flow requirements to maintain, operate, refurbish, augment and acquire infrastructure assets and summarises the asset management improvement plan."

Key expenditure challenges going forward include undertaking the housing function on behalf of Province, funding the IRPTN rollout, and increasing the rollout of free basic services due to urban migration.

Revenue

The Municipality achieved an outstanding overall collection rate of 103.46% for the year under review. There has been strict adherence to the Credit Control & Debt Collection Policy and the Rates Policy. Several debt collection strategies have been implemented, such as redline letters, consent to judgment, consolidation of accounts, a team to focus on the top 20% of debtors which make up 80% of the total debt, a team to focus on debtors with 50 or more properties, as well as teams to handle government debt, sale-in-executions, deceased estates and liquidations.

Revenue grew by 11% year on year. The major sources were electricity (34%), property rates (20%), grants & subsidies (18%), and water (9%).

The key revenue challenges going forward include the water loss in distribution (strategies have been implemented to address), the flat growth in the rates base, and the current economic climate.

Finance

The Municipality and its Municipal Entities have a strong liquidity position. The average days cash on hand for the year was 79 days and the total cash on hand at year end was R6.17 billion.

Only R1 billion was borrowed in 2014/2015 at a very competitive rate of 9.55% considering the current market climate. The gearing ratio at year end was 41% which means that the Municipality has appetite for more borrowings as the National Treasury benchmark is 45%-50%.

Procurement (SCM)

The total procurement spend for 2014/2015 was R6.6 billion on 1 314 contracts. 44% of spend was on local businesses.

There have been several improvement initiatives undertaken within the procurement function to ensure value-for money, greater efficiency and effectiveness, and reduce fraud and corruption. These include, inter alia, the following:

- ISO 9001 accreditation of procurement processes quality management system
- Business and process improvement initiatives, such as:
 - centralised contract register
 - procurement scheduling resulting in better planning and capital spend
 - electronic contract tracking
 - supplier address book consolidation
 - invoice scanning and logging
- SCM Policy review
- E-Procurement Quotes Management System (QMS)
- Improved internal controls reduce fraud and corruption
- Benchmarking of prices of goods and services
- Employing SABS standards on products

Internal Control

Several initiatives have added value. This included a turnaround strategy for housing, streamlining processes within the Expenditure Unit to ensure control points are adequately covered in all aspects of budgeting and annual financial statements, continuous monitoring of irregular expenditure reports which has reduced irregular expenditure, monitoring of all Internal Audit and Auditor-General findings and ensuring that the action plans to address the issues are implemented, as well as a dedicated team on the Fuel Pilot Project which aims to streamline and manage the issuing of fuel to all vehicles and machinery across the City to eliminate theft of fuel.

Economies & Efficiencies

As can be seen from the aforegoing, various initiatives have been undertaken to enhance the efficiency, effectiveness and economy of the Municipality, as well as improve its productivity and ensure value-formoney. For example, several new interventions have been introduced in SCM. Another example is City Fleet. Great improvements have been made with regard to the productivity of our City Fleet workshops and vehicle availability. Our total fleet size is 6 965, including the Durban Transport bus operation. Vehicle availability was 92% which is well above the industry norm of 90%. This has resulted in more resources for service delivery, greater staff productivity, shorter turnaround times to address public complaints, improved responses by emergency, security and police resources, as well as a more reliable public transport system. There is a fleet management replacement programme in place to ensure that it is cost effective to run the vehicles in the fleet. Fuel consumption is monitored on a monthly basis to ensure that fuel costs are kept to a minimum. A key issue is vehicle utilization. All vehicles are managed through the vehicle monitoring system which tracks vehicles on a real time basis and plays a pivotal role in the recovery of stolen vehicles. It also monitors where vehicles are driven to, the time, speed, etc. this has helped identify any misuse of municipal vehicles, especially after hours, and the necessary disciplinary action has been taken. The vehicle usage patterns have also been closely tracked which has resulted in the rightsizing of the fleet.

Triple Bottom Line

The long term sustainability and viability of the Municipality is a key consideration. Accordingly, in the budget there is a balance between economic, social and rehabilitative expenditure. In addition, there are several environment related projects, especially around reforestration, biodiversity, climate change adaptation and greening. The Energy office is a key initiative led by the Treasury, especially with regard to climate change mitigation. There are several energy efficiency projects being undertaken. From 2011 to 2013 we achieved a 4.2% savings in energy in our City. We are now focusing on developing a long-term vision for the Municipality in terms of energy efficiency. We are also currently installing a 5KwH photovoltaic battery for our municipal buildings. We have also received international recognition on our work as we have been nominated by C40 (a network of world megacities committed to addressing climate change) for an award for our Buffelsdraai Landfill project.

5.2 Statements of Financial Performance

Financial Summary										
				R' 000						
		ous Year 2013/2	014	2013/201	4 Variance		rent Year 2014/2	015	2014/20	15 Variance
Description	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance										
Property rates	5 136 991	5 136 991	5 497 774	7.02%	7.02%	5 481 368	5 521 968	5 909 114	7.80%	7.01%
Service charges	14 216 000	14 216 000	13 076 735	-8.01%	-8.01%	14 790 650	14 790 650	14 284 476	-3.42%	-3.42%
Investment revenue	374 237	376 909	477 911	27.70%	26.80%	491 385	497 232	555 686	13.09%	11.76%
Transfers recognised - operational	2 359 637	2 261 982	2 191 385	-7.13%	-3.12%	2 584 010	2 640 964	2 657 499	2.84%	0.63%
Other own revenue	3 110 885	3 116 373	3 224 891	3.66%	3.48%	3 377 962	3 344 142	3 466 051	2.61%	3.65%
Total Revenue (excluding capital transfers and contributions)	25 197 750	25 108 255	24 468 696	-2.89%	-2.55%	26 725 375	26 794 956	26 872 826	0.55%	0.29%
Employee costs	6 681 851	6 690 736	6 893 729	3.17%	3.03%	7 353 431	7 412 240	7 157 526	-2.66%	-3.44%
Remuneration of councillors	104 516	100 959	94 721	-9.37%	-6.18%	93 026	93 026	100 795	8.35%	8.35%
Debt impairment	536 625	536 915	1 618 726	201.65%	201.49%	569 329	570 357	2 079 360	265.23%	264.57%
Depreciation & asset impairment	1 842 045	1 843 797	1 762 388	-4.32%	-4.42%	1 990 225	1 998 044	1 938 879	-2.58%	-2.96%
Finance charges	1 168 516	1 168 916	857 206	-26.64%	-26.67%	1 177 331	1 177 331	950 565	-19.26%	-19.26%
Materials and bulk purchases	8 051 963	8 051 963	7 839 588	-2.64%	-2.64%	8 522 864	8 522 226	8 378 618	-1.69%	-1.69%
Transfers and grants	203 713	217 188	166 133	-18.45%	-23.51%	205 214	200 629	179 772	-12.40%	-10.40%
Other expenditure	6 386 845	6 316 580	5 300 616	-17.01%	-16.08%	6 941 865	6 968 741	5 917 681	-14.75%	-15.08%
Total Expenditure	24 976 074	24 927 054	24 533 107	-1.77%	-1.58%	26 853 285	26 942 594	26 703 196	-0.56%	-0.89%
Transfers recognised - capital	3 183 432	3 180 236	2 041 011	-35.89%	-35.82%	3 377 740	2 914 649	2 779 110	-17.72%	-4.65%
Surplus / (Deficit) after capital transfers & contributions recognised - capital & contributed assets	3 405 108	3 361 437	1 976 600	-41.95%	-41.20%	3 249 830	2 767 011	2 948 740	-9.26%	6.57%
Capital expenditure & funds sources										
Capital expenditure	5 466 767	5 469 812	4 201 623	-23.14%	-23.19%	5 711 021	5 673 548	4 716 504	-17.41%	-16.87%
Transfers recognised - capital	3 183 432	3 180 236	2 041 011	-35.89%	-35.82%	3 377 740	3 406 939	2 779 110	-17.72%	-18.43%
Public contributions & donations										
Borrowing	1 000 000	1 500 000	1 500 000	50.00%	0.00%	1 000 000	1 000 000	1 000 000	0.00%	0.00%
Internally generated funds	1 283 335	789 576	660 612	-48.52%	-16.33%	1 333 281	1 266 609	937 394	-29.69%	-25.99%
Total sources of capital funds	5 466 767	5 469 812	4 201 623	-23.14%	-23.19%	5 711 021	5 673 548	4 716 504	-17.41%	-16.87%

	Previous Year 2013/2014			2013/2014 Variance		Current Year 2014/2015			2014/2015 Variance	
Description	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial position										
Total current assets	12 612 193	13 064 991	13 198 063	4.65%	1.02%	12 999 432	12 172 435	12 818 086	-1.40%	5.30%
Total non-current assets	42 024 408	42 030 442	39 757 248	-5.39%	-5.41%	44 242 310	44 174 439	42 577 437	-3.76%	-3.62%
Total current liabilities	8 718 510	8 718 634	10 730 321	23.08%	23.07%	9 057 861	9 056 571	10 594 766	16.97%	16.98%
Total non-current liabilities	12 354 132	12 854 132	12 776 624	3.42%	-0.60%	12 631 338	12 631 338	12 403 651	-1.80%	-1.80%
Community wealth/Equity	33 563 959	33 522 667	29 448 366	-12.26%	-12.15%	35 552 543	34 658 965	32 397 106	-8.88%	-6.53%
Cash flows										
Cash / cash equivalents at the beginning of the year end	4 786 848	4 786 848	5 559 709	16.15%	16.15%	5 522 458	5 522 458	6 859 657	24.21%	24.21%
Net cash from (used) operating	5 546 506	5 203 965	5 040 021	-9.13%	-3.15%	5 277 879	4 636 676	4 024 457	-23.75%	-13.20%
Net cash from (used) investing	(4 925 758)	(4 746 858)	(4 109 635)	-16.57%	-13.42%	(5 676 732)	(4 977 137)	(4 709 909)	-17.03%	-5.37%
Net cash from (used) investing Net cash from (used) financing	, ,					,		,		
Cash / cash equivalents at the year	(101 872)	398 130	369 562	-462.77%	-7.18%	24 697	70 897	(7 396)	-129.95%	-110.43%
end	5 305 724	5 642 085	6 859 657	29.29%	21.58%	5 148 302	5 252 894	6 166 809	19.78%	17.40%
Cash backing / surplus										
reconciliation										
Cash and investments available	5 861 255	6 309 615	6 859 657	17.03%	8.72%	5 990 384	5 422 038	6 166 809	2.95%	13.74%
Application of cash and investments	3 317 548	3 315 930	5 344 707	61.10%	61.18%	3 570 867	3 792 144	4 765 894	33.47%	25.68%
Balance - surplus (shortfall)	2 543 707	2 993 685	1 514 951	-40.44%	-49.40%	2 419 517	1 629 894	1 400 915	-42.10%	-14.05%
Asset management										
Asset register summary (WDV)	41 626 346	41 631 958	39 225 988	-5.77%	-5.78%	43 987 970	43 916 296	41 987 380	-4.55%	-4.39%
Depreciation & Asset impairment	1 842 045	1 843 797	1 762 388	-4.32%	-4.42%	1 990 225	1 998 044	1 938 879	-2.58%	-2.96%
Renewal of Existing Assets	1 794 952	2 311 714	2 313 906	28.91%	0.09%	1 808 056	1 738 909	1 729 351	-4.35%	-0.55%
Repairs and Maintenance	2 840 845	2 722 614	2 019 123	-28.93%	-25.84%	3 101 050	3 071 121	2 497 344	-19.47%	-18.68%
Free services										
Cost of Free Basic Services provided	1 188 671	1 185 442	1 185 522	-0.26%	0.01%	1 270 639	1 305 077	1 264 932	-0.45%	-3.08%
Revenue cost of free services										
provided	2 774 656	2 770 267	2 770 314	-0.16%	0.00%	3 073 505	3 090 064	2 479 982	-19.31%	-19.74%
Households below minimum service level										
Water	80	80	80	0.00%	0.00%	75	75	46	-38.67%	-38.67%
Sanitation/ Sewerage	202	202	202	0.00%	0.00%	190	190	160	-15.79%	-15.79%
Energy	363	363	363	0.00%	0.00%	368	368	368	0.00%	0.00%
Refuse	_	_	-	0.00%	0.00%	_	_	_	0.00%	0.00%

5.3 GRANTS

				R' 0	00					
		2013/2014		2013/2014	4 Variance		2014/2015		2014/201	.5 Variance
Description	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustmen ts Budget (%)	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustment Budget (%)
Operating Transfers and Grants										
National Government:	4 331 791	4 131 791	3 909 249	-10%	-10%	4 773 956	4 872 905	4 726 977	-1%	-3%
Equitable share	1 869 806	1 869 806	1 869 806	0%	0%	1 990 048	1 990 048	1 990 048	0%	0%
Urban Settlements Development Grant Infrastructure Skills	1 580 999	1 580 999	1 580 999	0%	0%	1 800 076	1 800 076	1 800 076	0%	0%
Development Grant	18 500	18 500	18 534	0%	0%	25 425	27 235	26 925	6%	-1%
PTIF	707 366	507 366	285 298	-60%	-44%	654 751	754 751	742 064	13%	-2%
Vuna Awards	_	_	1 035	100%	100%	_	_	_	_	_
Expanded Public Works										
Programme	47 381	47 381	59 747	26%	26%	34 154	39 824	39 673	16%	0%
Neighbourhood										
Development Grant	3 555	3 555	4 769	34%	34%	33 592	34 255	15 833	-53%	-54%
Demand Side Management Department of Environment	15 000	15 000	692	-95%	-95%	10 000	_	11 114	11%	-100%
Affairs Public Transport Network	8 250	8 250	7 435	-10%	-10%	_	_	23	100%	100%
Operations	71 395	71 395	71 395	0%	0%	120 820	120 820	36 111	-70%	-70%
Intergrated City Development	9 539	9 539	9 539	0%	0%	52 621	52 621	52 621	0%	0%
Disaster Fund	_	_	-	0%	0%	_	806	_	0%	-100%
Municipal Human Settlement										
Capacity Grant	_	_	-	0%	0%	52 469	52 469	12 489	-76%	-76%
Provincial Government:	270 756	270 756	267 628	-1%	-1%	1 138 570	788 444	662 251	-42%	-16%
Human Settlements Department of Arts and Culture: KZN	158 845	158 845	13 084	-92%	-92%	165 382	207 924	42 625	-74%	-79%

				R' 0	00					
		2013/2014		2013/201	4 Variance		2014/2015		2014/201	5 Variance
Description	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustmen ts Budget (%)	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustment Budget (%)
Grant Accreditation	14 823	14 823	939	-94%	-94%	_	41 952	41 948	100%	0%
Government Health Subsidy Department of Human	97 088	97 088	97 088	0%	0%	70 252	70 252	121 365	73%	73%
Settlement	_	_	150 449	100%	100%	866 936	416 798	454 752	-48%	9%
COGTA	_	_	6 068	100%	100%	1 000	1 540	1 561	56%	1%
Sport and Recreation Department of Minerals and	_	_	-	0%	0%	30 000	30 000	_	-100%	-100%
Energy	_	_	-	0%	0%	5 000	19 978	_	-100%	-100%
Other grant providers:	43 377	43 377	55 519	28%	28%	49 224	50 392	47 382	-4%	-6%
DBSA	_	_	181	100%	100%	_	_	_	0%	0%
Public Contribution	1 818	1 818	21 229	1068%	1068%	554	1 175	4 034	628%	243%
LTDF Grant	_	_	453	100%	100%	_	_	_	0%	0%
Developers Contribution	_	_	_	0%	0%	_	_	212	100%	100%
Royal Netherlands	_	_	156	100%	100%	_	_	11 604	100%	100%
Leeds	_	_	128	100%	100%	_	_	_	0%	0%
Reforestation	6 999	6 999	607	-91%	-91%	12 286	12 286	4 411	-64%	-64%
Metropolitan	_	_	_	0%	0%	_	400	384	100%	-4%
Disaster Fund	_	_	544	100%	100%	_	_	_	0%	0%
Biowaste	2 395	2 395	112	-95%	-95%	_	_	207	100%	100%
Danida	295	295	_	-100%	-100%	_	_	_	0%	0%
Dalisu	_	_	27	100%	100%	_	_	_	0%	0%
Carnegie	4 280	4 280	_	-100%	-100%	_	_	_	0%	0%
Lotto	_	_	2 370	100%	100%	14 000	_	_	-100%	0%
Natural Reserve Fund	_	_	713	100%	100%	_	_	709	100%	100%
Skills Grant LG Seta	_	_	582	100%	100%	34	632	598	1659%	-5%
EU	_	_	587	100%	100%	_	1 440	1 069	100%	-26%
SAASTA	108	108	97	-10%	-10%	_	_	123	100%	100%
Public Sponsorship	_	_	63	100%	100%	-	_	686	100%	100%
BMZ: Umhlangane	1 906	1 906	2 092	10%	10%	1 044	1 544	988	-5%	-36%
Dubai Municipality	84	84	84	0%	0%	_	_	180	100%	100%
Henvinet	_	_	13	100%	100%	_	_	_	0%	0%

R' 000										
		2013/2014		2013/2014 Variance		2014/2015			2014/2015 Variance	
Description	Budget	Adjustments	Actual	Original	Adjustmen	Budget	Adjustments	Actual	Original	Adjustment
Description		Budget		Budget	ts Budget		Budget		Budget (%)	Budget (%)
				(%)	(%)					
KZNPA Subsidy	4 153	4 153	4 153	0%	0%	_	_	4 425	100%	100%
Eskom	_	_	_	0%	0%	_	_	1 440	100%	100%
National Electrification										
Programme	20 000	20 000	20 000	0%	0%	15 000	15 000	15 000	0%	0%
National Research Fund	89	89	78	-12%	-12%	_	564	62	100%	-89%
Financial Management Grant	1 250	1 250	1 250	0%	0%	1 250	1 250	1 250	0%	0%
KZNPA Subsidy	_	_	_	0%	0%	5 056	5 056	_	-100%	-100%
Tsogo Sun	_	_	_	0%	0%	_	7 000	_	-100%	-100%
SA Agency for Science	_	_	_	0%	0%	_	340	_	-100%	-100%
2010 DB	_	-	_	0%	0%	_	3 705	_	-100%	-100%
Total Operating Transfers	4.645.024	4.445.034	4 222 206			F 061 7F0	F 711 741	F 426 610		
and Grants	4 645 924	4 445 924	4 232 396	-9%	-5%	5 961 750	5 711 741	5 436 610	-9%	-5%

Variances are calculated by dividing the difference between actual and original/adjustments budget by the original/adjustments budget.

Comments

R422 million of the Department of Transport and Public Transport Infrastructure grant was unspent at the year ended 30 June 2015 The reasons for the slower than expected performance can be summarised as follows:-

- Two of the ten budgeted work packages which total R510 650 755 which were expected to spend approximately R300m during the 2014/15 financial year, were non-awards
- A cumulative total of 31 days of production was lost on site due to disruptions by the Taxi Industry demanding a stake in construction. As a result of these disruptions, expenditure on the construction contracts was delayed by 1 month, affecting the total expenditure in 2014/15 financial year.

Grants Received From Sources Other Than Division of Revenue Act (DORA)									
Details of Donor	Actual	2014/2015	Date Grant	Date Municipal	Nature and benefit from the grant				
	Grant 2014/2015	Municipal Contribution	terminates	contribution terminates	received, include description of any contributions in kind				
Public Sponsorship	685 611	Nil	30-Jun-16	30-Jun-16	Air quality Management(Environment Health)				
SAASTA	122 977	Nil	Completion of projects		National Science Week				
SKILLS GRANT LG SETA	597 600	Nil	N/A	N/A	Grant expenditure was incurred to pay for middle managers training on Foundations of Project Management.				
BMZ: Umhlangane	987 883	63 797	31-Dec-16	31-Dec-16	Restore local biodiversity in the Umhlangane Catchment, monitor and report on the effectiveness of ecosystem rehabilitation in contributing to ecosystem based adaption, generate income for the local population through the creation of job opportunities and ensure effective management of a complex , cross sectoral initiative.				
Biowaste	207 275	138 568	30-Jun-15	30-Jun-15	The project aims at developing biotechnological processes for converting biodegradable fractions of identified African agricultural and industrial waste as well as fractions of municipal and animal solid waste into food, feed, value added(nutraceuticals and health care) products, biogas and organic based fertilizer.				
Reforestation	4 410 841	Nil	03-Mar-16	03-Mar-16	The Green Fund was initiated and designed to provide catalytic finance to facilitate investment in green initiatives for poverty reduction and job creation which would not have been implemented without fiscal support. The Green Fund is additional and complementary to existing fiscal allocations supporting the transitioning of the South African economy to a low carbon, resource efficient and climate resilient growth part. These Reforestration projects were initiated with the aim of mitigating carbon emissions through the reforestration large tracts of indigenous forests and other natural habitats.				
Royal Netherlands	11 604 164	N/A	30/06/2014	30/06/2014	Non Revenue water Losses and Ablution facilities				
Dubai Municipality	180 137	N/A	30/06/2014	30/06/2014	Grant received for best practices in saving the environment .Utilised for upliftment of Landfill facilities				

		Grants Re	eceived From So	urces Other Than D	Division of Revenue Act (DORA)
Details of Donor	Actual	2014/2015	Date Grant	Date Municipal	Nature and benefit from the grant
	Grant 2014/2015	Municipal Contribution	terminates	contribution terminates	received, include description of any contributions in kind
Natural Reserve : Trust Fund	709 399	Nil	Completion of projects		Expenditure of funds: Silverglen , Paradise valley and Virginia bush trust.
EU Funding	1 068 528	N/A	Funds to be rolled over until project completion in 2018/2019	n/a	The grant has allowed the continue operations of knowledge management functions of MILE including funding of Master Classes, Learning Exchanges and Councillor seminars
Developers Contribution	212 343	Nil	N/A	N/A	Development surchage in respect of medium density residential development and commercial development as per tariff previously levied by the unit. Developer's contributions to be used for future environmental development.
Metropolis	384 479	N/A	31-Dec-14	N/A	Study visit by eThekwini delegation to City of Sao Paulo to learn best practices on human settlement related projects. Design, layout and translation costs for the "Mentoring on Upgrading of Informal Settlements" report prepared for the Metropolis Congress. Attendance by eThekwini delegation to the Metropolis Congress in Hyderabad. Costs for hosting the eThekwini-University Research Symposium.
Public Contribution	4 033 998	Nil	N/A	N/A	Public contributions to be used for future environmental development.

 $\label{lem:conditional} \textbf{Grants received have been spent in accordance with the DORA requirements.}$

5.4 ASSET MANAGEMENT

Since 2004 the council has focused its efforts towards efficient asset management. Asset managers were appointed in strategic areas. Detailed asset registers have been updated in partnership with engineers. There has been a focus on accurate conditional assessments of assets & assessment of replacement costs. Asset registers have been linked to the GIS system & include photographic imagery. A detailed Asset Management Policy Guideline has been developed and implemented.

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2014/15								
Asset 1								
Name	ROADS - Rehab of Solomon Mahlangu Drive (1258529 & 1258530)							
Description	Surfaced Roads							
Asset Type	Fixed							
Key Staff Involved	Roads Provision Department:- Pavement & Geotechnical Engineering Branch Road Rehabilitation Branch							
Staff Responsibilities	Network level assessment of roads appearing on the asset register are conducted by the Pavement & Geotechnical Engineering Branch for implementation by the Roads Rehabilitation Branch.							
Asset Value	R 40.78 million							
Capital Implications	Potential deterioration of road network below acceptable levels of service requiring continuous funding at recommended levels.							
Future Purpose of Asset	Continued provision of a functional road network at an acceptable level of service.							
Describe Key Issues	Funding							
Policies in Place to Manager Asset	Asset Management Plan (Roads)							
	Road Handover Policy							

Asset 2							
	ABLUTION BLOCKS IN SITU						
Name							
	Ablution facilities						
Description							
	Infrastructure asset						
Asset Type							
	Operation and Maintenance staff						
Key Staff Involved							

		Maintenance					
		staff					
	Operation and Maintenance	Operation and					
Staff Responsibilities		Maintenance					
Start Responsibilities							
Asset Value	R183.3 million						
	Budget allocations to keep pace with rising rehabilitation costs on ablution facilities						
Capital Implications							
	Water and sanitation connections to be utilized for upgraded settlement. Then facility to be relocated to another settlement.						
Future Purpose of Asset							
	High operational costs .Lack of reso	ources and funding for O & M					
Describe Key Issues							
Policies in Place to Manager Asset	Education programme and Fault Re	porting facility in place. Employment of caretakers and maintenance staff.					

	Asset 3
	JEFFELS ROAD – WATER & SANITATION (1273512 – 1273518)
Name	
	EWS jeffels road depot
Description	
	Building Structures
Asset Type	
	Asset management and City Engineers
	(Architecture Dept)
Key Staff Involved	
	Ensuring the operational requirements are addressed i.t.o
	design i.e green building
Staff Responsibilities	
	R68.3 million
Asset Value	
	Building construction with parking lots for vehicles
Capital Implications	

	Strategic asset as part of building and depot rationalisation to provide support service to the areas in the south
Future Purpose of Asset	
	Open plan office design to accommodate growth of staff to service areas in the south. Green building to ensure energy efficiency.
Describe Key Issues	
Policies in Place to Manager Asset	Operational Procedures in Place. Maintenance is scheduled

The increased effort in focusing on asset management has assisted the municipality in ensuring that assets are properly maintained & service delivery is enhanced.

REPAIRS AND MAINTENANCE EXPENDITURE 2014/15										
R' 000										
	Original Budget	Adjustment Budget	Actual	Budget variance						
Repairs and maintenance	3 101 050	3 313 438	2 497 344	-25%						

eThekwini spent 75% of its repairs and maintenance budget during the year under review. On average the city spends between 8% and 10 % of its operating expenditure on repairs and maintenance.

5.5 Performance Indicators and Benchmarks

Description of financial indicator	Basis of calculation	2013/14	2013/14 2014/15						2015/2016 Medium Term Revenue & Expenditure Framework	
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Audited outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
Borrowing Management										
Borrowing to Asset Ratio	Total Long-Term Borrowing/Total Assets	19.6%	18.6%	18.3%	19.2%	18.7%	17.4%	16.1%	14.8%	
Credit Rating		AA	AA-	AA-	AA-	AA-	AA-	AA-	AA-	
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	8.1%	9.2%	9.0%	9.6%	7.8%	9.7%	8.6%	8.1%	
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	69.4%	42.9%	41.1%	42.3%	52.4%	40.3%	36.3%	32.8%	
Safety of Capital										
Debt to Equity	Loans, Creditors, Overdraft & Tax Provision/ Funds & Reserves	79.5%	61.0%	65%	71.3%	71.2%	63.9%	57.8%	52.7%	
Gearing	Long Term Borrowing/ Funds & Reserves	35.1%	35.5%	36.4%	32.9%	32.0%	28.5%	25.3%	22.6%	
Liquidity										
Current Ratio	Current assets/current liabilities	1.2	1.4	1.3	1.2	1.20	1.2	1.2	1.3	
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.2	1.4	1.3	1.2	1.20	1.2	1.2	1.3	
Liquidity Ratio	Monetary Assets/Current Liabilities	0.6	0.8	0.7	0.6	0.6	0.6	0.6	0.6	

Description of	Basis of calculation	2013/14	3/14 2014/15					2015/2016 Medium Term Revenue & Expenditure Framework	
financial indicator		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Audited outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue Management									
Annual Debtors Collection Rate (Payment Level %)	Last 12 Months Receipts/Last 12 Months Billing	97.2%	93.4%	96.8%	96.8%	96.8%	95.1%	95.1%	95.9%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	23.1%	22.5%	21.5%	21.5%	20.7%	20.9%	20.7%	20.7%
Longstanding Debtors Recovered	Debtors > 12 Months Recovered/Total Debtors > 12 Months Old								
Creditors Management									
Creditors System Efficiency	% of Creditors Paid Within Terms (within `MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<u>Funding of</u> Provisions									
Provisions not funded - %	Unfunded Provisions./Total Provisions								
Other Indicators									
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	6.1%	5.9%	5.9%	5.9%	7.7%	6.0%	6.0%	6.0%
Water Distribution Losses (2)	% Volume (units purchased and own source less units	39.4%	38.0%	38.0%	38.0%	39.7%	36.0%	34.0%	32.0%

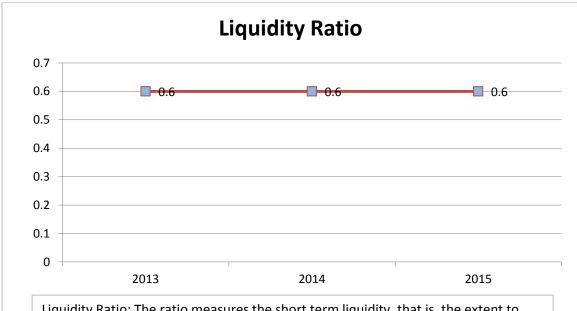
Description of financial indicator	Basis of calculation	2013/14		2		2015/2016 Medium Term Revenue & Expenditure Framework			
Tinancial Indicator		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Audited outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
	sold)/Total units purchased and own source								
Employee costs	Employee costs/(Total Revenue - capital revenue)	28.2%	27.5%	27.7%	26.0%	26.7%	27.0%	26.8%	26.4%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	28.6%	29.2%	29.40%	27.5%	27.0%	28.5%	28.3%	27.9%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	8.3%	11.6%	11.5%	11.6%	9.3%	10.7%	10.6%	10.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	10.5%	11.9%	11.9%	12.0%	10.5%	12.1%	11.5%	11.1%
IDP regulation financial viability indicators	-								
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	11.15	15.00	15.00	15.0	9.85	13.0	13.8	15.0
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	31.0%	28%	27%	27.4%	26.5%	26.4%	26.0%	25.7%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	4.8	2.80	2.60	2.8	4.1	2.5	2.1	1.8

Description of	Basis of calculation	2013/14	2014/15					Term Rev Expend	2015/2016 Medium Term Revenue & Expenditure Framework	
financial indicator		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Audited outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	

References

- 1. Consumer debtors > 12 months old are excluded from current assets
- 2. Only include if services provided by the municipality

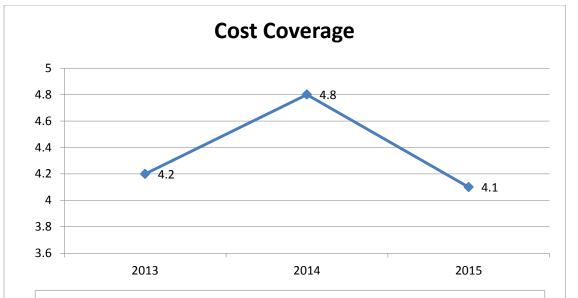
Note: In terms of the water distribution losses, there was a slight change in calculation and the figure for the 2013 / 2014 audited outcome was restated to 39.4%. Further, the figure of 36.2% for the 2014/2015 preaudited outcome, was as a result of a new basis of calculation which included estimated deemed consumption in informal settlement. However, the basis was changed back to the old basis which resulted in 39.7%. Also, the figures for finance charges and depreciation, O/S Service Debtor to Revenue, and Cost Coverage changed as a result of a restatement of prior year figures.



Liquidity Ratio: The ratio measures the short term liquidity, that is, the extent to which current liabilities can be paid from Monetory assets. The higher the ratio, the healthier is the situation. Whilst the ratio (0.6) is below the 1.5 benchmark this shows a healthy position by the Municipality to meet its current obligations as they become due.

Financial Year	Liquidity Ratio
2013	0.6
2014	0.6
2015	0.6

Note: Figures for 2013 to 2015 have been changed to restated amounts

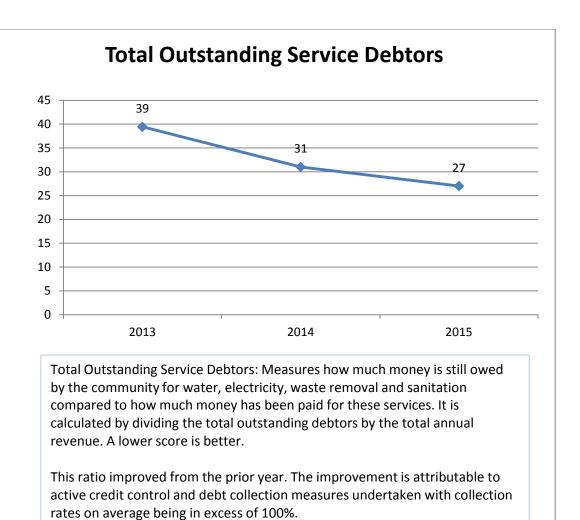


Cost Coverage: It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants.

Whilst the ratio has increased from the prior years, ensuring that it is still above the norm range of 1 month to 3 months. Existing cash and other cash equivelants can sufficiently cover 4.7 months expenditure even if no further cash is recieved as of even date.

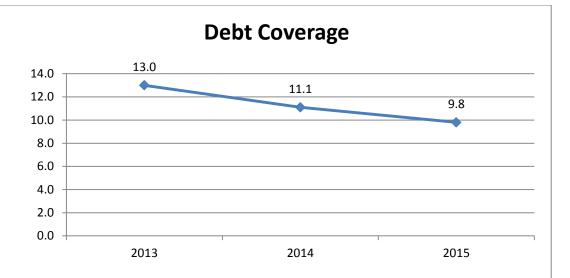
Financial Year	Cost Coverage Ratio
2013	4.2 times
2014	4.8 times
2015	4.1 times

 $\textbf{Note:} \ \text{The municipal figure is 3.98, and the consolidated group figure is 4.1}$



Financial Year	Ratio
2013	39%
2014	31%
2015	27%

Note: The municipal figure is 27.61%, and the consolidated group figure is 27% for the 2014/2015 financial year



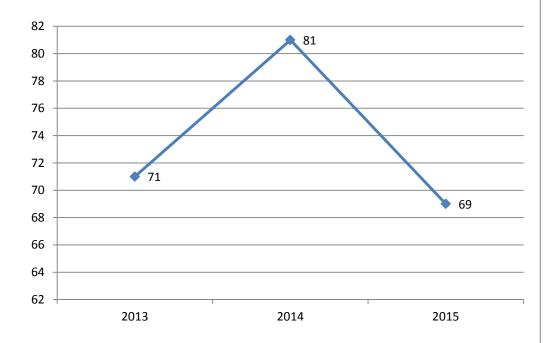
Debt Coverage: The number of times debt payments can be accommodated within operating revenue (excluding grants). This in turn represents the ease with which debt payments can be accommodated by the Municipality. Debt coverage reflects a decrease when compared to the previous years indicating that the city's ease in repayment of its debt has deteriorated. This decrease is due to an increase in loan repayments.

However, the municipality is still in a good position as its can cover its debt repayment over 11.1 times.

Financial Year	Debt Coverage Ratio
2013	13 times
2014	11.1 times
2015	9.8 times

Note: The municipal figure is 12.22 times, and the consolidated group figure is 9.8 times for the 2014/2015 financial year





Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases.

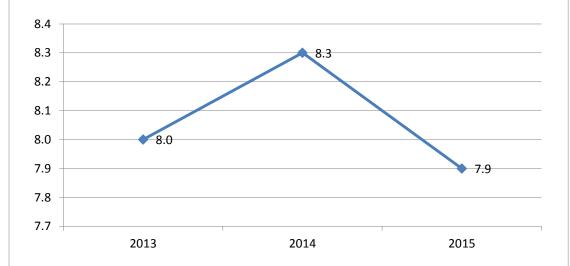
The creditors system efficiency has improved substantialy from 81 days in the prior year to 69 days in the current year. Strict Internal control processes results in creditors efficiency been more than 30 days .

The internal control processes include proper authority, compliance with all Supply Chain Management Regulations and compliance with the minimum requirements of value added taxation.

Financial Year	Creditors efficiency
2013	71
2014	81
2015	69

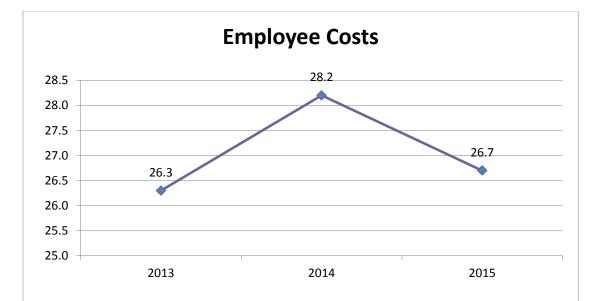
Note: The ratio changed from % to no. of days

Capital Charges to Operating Expenditure



Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure. The ratio of 7.9% reflects an improvement from the previos year and compares favourably with the national norms of between 6% to 8%.

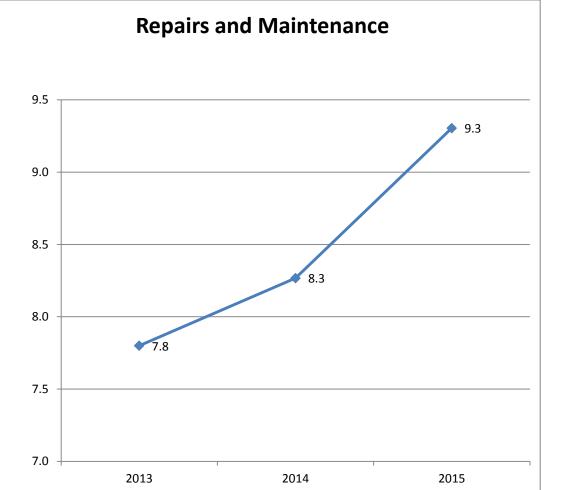
Financial Year	Ratio
2013	8%
2014	8.3%
2015	7.9%



Employee cost: Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Employee related costs as a percentage of operating revenue has increased from 28.2% on the previous year to 26.7%, which is within the norm of between 25%-40%. The decrease in the ratio is due to the change in conditions of service in the prior year. i.e there was a substantial contribution to the provision for long service awards in the previous year.

Financial Year	Employee cost/ Revenue(%)
2013	26.3%
2014	28.2%
2015	26.7%



Repairs and Maintenance: This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance by the difference between total revenue and capital revenue.

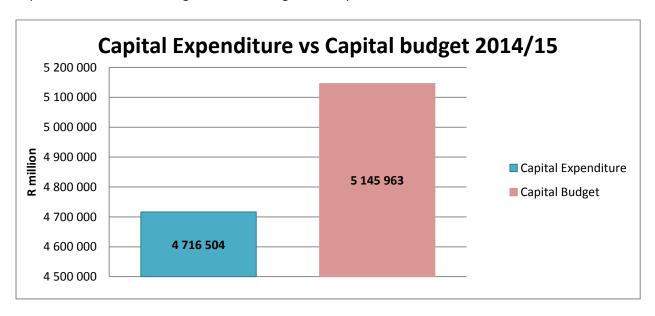
Repairs and maintenance as a percentage of total operating expenditure increased from the prior year. The 9.3% is in excess of the national norm of 8%. This indicates that there is adequate maintenance of the municipal assets that is required for the continued provision of services.

Financial Year	Repairs and maintenance/ Operating expenditure (%)
2013	7.8%
2014	8.3%
2015	9.3%

5.7 SPENDING AGAINST CAPITAL BUDGET

Introduction

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings, and surpluses.



Savings is mainly as a result of a delay in the implementation of IRPTN grant funded projects, a number of projects are in the planning phase.

The capital expenditure of R4.7billion which is 92% of the final budget as reflected in the Appropriation Statement.

5.8 SOURCES OF FINANCE

Details		2013/2014	2013/2014 2014/2015				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to AB Variance (%)
Source of finance							
	External loans	1,500,000	1,000,000	1,000,000	1,000,000	0.00%	0.00%
	Public contributions and donations	0	0	0	0		
	Grants and subsidies	2,041,010	3,377,740	2,914,650	2,779,110	-13.71%	-4.65%
	Other	660,612	1,333,281	1,231,313	937,394	-7.65%	-23.87%
Total		4,201,622	5,711,021	5,145,963	4,716,504	-9.89%	-8.35%
Percentage of finance							
	External loans	35.70%	17.51%	19.43%	21.20%	10.98%	9.11%
	Public contributions and donations	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Grants and subsidies	48.58%	59.14%	56.64%	58.92%	-4.23%	4.03%
	Other	15.72%	23.35%	23.93%	19.87%	2.49%	-16.94%
Capital expenditure							
	Water and sanitation	1,805,560	1,542,950	1,445,839	1,398,679	-6.29%	-3.26%
	Electricity	526,070	678,857	611,258	541,797	-9.96%	-11.36%
	Housing	64,684	707,586	427,509	361,592	-39.58%	-15.42%

Details		2013/2014	2014 2014/2015					
Actu		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to AB Variance (%)	
	Roads and storm water	1,268,279	1,627,534	1,776,947	1,728,206	9.18%	-2.74%	
	Other	537,029	1,154,094	884,410	686,230	-23.37%	-22.41%	
Total		4,201,622	5,711,021	5,145,963	4,716,504	-9.89%	-8.35%	
Percentage of expenditure								
	Water and sanitation	42.97%	27.02%	28.10%	29.65%	4.00%	5.55%	
	Electricity	12.52%	11.89%	11.88%	11.49%	-0.07%	-3.29%	
	Housing	1.54%	12.39%	8.31%	7.67%	-32.95%	-7.72%	
	Roads and storm water	30.19%	28.50%	34.53%	36.64%	21.17%	6.11%	
	Other	12.78%	20.21%	17.19%	14.55%	-14.95%	-15.34%	

58.92% of funding for capital is from grants& subsidies

21.20% of funding for capital is from external loans

19.87% of funding for capital is from internally generated funds

Capital Expenditure on five largest projects*		
R' 000		

Name of Project	Current Year			Variance Current Year		
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)	
A P3965	325,932	391,942	448,922	38%	15%	
B Y6525	250,000	250,000	312,526	25%	25%	
C P8528	315,601	515,473	786,580	149%	53%	
DY6468	75,000	135,000	136,260	82%	1%	
E X4625	300,000	292,138	515,146	72%	76%	
* Projects with the highest capital expenditure in 2014/15						
Name of Project - A	ROAD REHABILITA	TION				
Objective of Project	To preserve and maintain the road infrastructure at an acceptable level of service, such that the overall Visual Conditional Index (VCI) for all the roads in the Municipality is maintained at a value of 70% or greater. This is in line with the objectives of the Municipality's road management system as known as (roads) which includes that all roads under municipal management are provided and maintained in a condition acceptable to the travelling public and at minimum life cycle cost.					
Delays	Delays relating to limited and at times no supply of asphalt were experienced. Community interference resulted into work stoppages. The period of September and to November had excessive rainfall impeding rate of construction progress.					
Future Challenges	The experience indicates that following challenges can be anticipated: (1) Community interference and stoppages (2) availability of special material e.g. bitumen (3) unpredictable inclement weather and (4) labour unrest and potential strikes.					

Anticipated citizen benefits	Roads rehabilitated in accordance with an optimized programme will result in improved community access at lower cost to the general rate payer. Rehabilitated roads also improve user safety, improves
	image for the Municipality and the surrounding suburbs where the projects are located and also has an indirect economic benefit due to reduction of user cost and improved riding quality and access.
Name of Project - B	ABLUTION BLOCKS IN SITU UPGRADE
Objective of Project	To provide sanitation to informal settlements and eradicate sanitation backlogs
Delays	Environmental, land and Community issues
Future Challenges	Environmental, land and Community issues
Anticipated citizen benefits	Improved quality of life for those living in the informal settlements and a reduction in the associated health risks
Name of Project - C	Corridor C3 - PTIS funded
Objective of Project	Major restructuring of Public Transport in the City including infrastructure and public transport service upgrade."
Delays	Internal contract/report approvals;constructionstoppages,industry transition issues;EIA and Water Use license approvals
Future Challenges	Capex budget shortages, Operating deficit of the IRPTN
Anticipated citizen benefits	To improve the quality of life of the city's residents by providing a safe; secure and efficient public transport
Name of Project - D	Expansion of Phoenix WTW
Objective of Project	To provide additional treatment capacity for development in the catchment

Delays	on track
Future Challenges	none envisaged at this stage
Anticipated citizen benefits	Cornubia and other developments will not be delayed due to lack of capacity
Anticipated citizen benefits	
Name of Project - E	WATER FLAGSHIP PROJECT - WESTERN AQUEDUCT
Objective of Project	To provide water to the Western and Northern Areas
Delays	Sporadic Unrest, Violence and disruptions by communities
Future Challenges	Water Use License and servitude acquisition
Anticipated citizen benefits	Potable water supply

COMMENT

The focus of capital expenditure is linked to asset management .A substantial part of the capital budget is allocated to the rehabilitation of existing infrastructure. This in turn ensures enhanced service delivery and results in the extension in the useful life of the asset.

5.9 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS - OVERVIEW

Urban Settlement Development Grant (USDG)* Expenditure 2014/2015on Service backlogs

R' 000

Details	Budget Adjustments Actual Budget		Actual	Variance		Major conditions applied by donor (continue below if necessary)
		buuget		Budget Adjustments Budget	Selow ii necessary)	
Infrastructure - Road transport				%	%	
Roads, Pavements & Bridges	25,000	182,422	143,548	474%	-21%	
Storm water	0	22,989	19,913	0%	-13%	
Infrastructure - Electricity						
Generation						
Transmission & Reticulation	251,001	85,394	94,266	-62%	10%	
Street Lighting						
Infrastructure - Water						
Dams & Reservoirs	46,980	35,870	18,455	-61%	-49%	
Water purification						
Reticulation	491,695	449,162	570,224	16%	27%	
Infrastructure - Sanitation						
Reticulation	8,000	12,909	4,164	-48%	-68%	
Sewerage purification	544,600	519,584	507,582	-7%	-2%	

Urban Settlement Development Grant (USDG)* Expenditure 2014/2015on Service backlogs

R' 000

Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
		buuget		Budget	Adjustments Budget	below if necessary,
Infrastructure - Other						
Waste Management	0	0	0			
Transportation	62000	48290	21490	-65%	-55%	
Gas						
Other infrastructure -Housing	130,000	136,868	239,516	84%	75%	
Other Specify:						
Other units – Various	240,800	306,588	180,918	-25%	-41%	
Total	1,800,076	1,800,076	1,800,076	0%	0%	

^{*} USDG is a government grant programme designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out in Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the original/adjustments budget.

Comment:

USDG funding was spent to the extent 100% consistent with the prior year.

5.10 CASH FLOW MANAGEMENT AND INVESTMENTS

Cash Flow Outcomes								
			R'000			R'000		
	Pre	vious year 2013/2	2014	Cui	Current year 2014/2015			
Description	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget	Actual		
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	21 702 892	23 355 070	20 400 490	22 854 574	22 939 531	21 007 407		
Government - operating	2 359 637	2 447 577	2 191 385	2 584 010	2 797 089	2 657 499		
Government - capital	3 183 431	3 581 313	2 041 010	3 377 740	2 914 649	2 779 110		
Interest	478 095	577 892	477 911	606 014	641 357	555 686		
Payments								
Suppliers and employees	-21 009 034	-23 407 752	-19 213 569	-22 967 128	-23 478 618	-22 020 346		
Finance charges	-1 168 515	-1 191 860	-857 206	-1 177 331	-1 177 331	-950 565		
Taxes on surpluses						-4 334		
NET CASH FROM/(USED) OPERATING ACTIVITIES	5 546 506	5 362 240	5 040 021	5 277 879	4 636 677	4 024 457		
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	34 231	34 281	34 798	34 289	34 289	57 734		
Decrease (Increase) in non-current debtors	-5 840	-5 956	_	_	_	_		
Decrease (increase) other non-current receivables	_	_	65 832	_	_	2063		
Decrease (increase) in non-current investments	-30 597	-32 465	_	_	_	_		
Payments								
Capital assets	-4 923 552	-5 218 366	-4 210 265	-5 711 021	-5 011 426	-4 769 706		
NET CASH FROM/(USED) INVESTING ACTIVITIES	-4 925 758	-5 222 506	-4 109 635	-5 676 732	-4 977 137	-4 709 909		
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short-term loans								
Borrowing long term/refinancing	1 000 000	1 000 000	1 509 589	1 000 000	1 000 000	1 000 000		
Increase (decrease) in consumer deposits	55 907	58 702	_	62 522	62 522	_		

Cash Flow Outcomes								
R'000 R'0								
	Pre	vious year 2013/2	2014	Cur	Current year 2014/2015			
	Original	Adjusted		Original	Adjusted			
Description	Budget	Budget	Actual	Budget	Budget	Actual		
Payments								
Repayment of borrowing	-1 157 779	-1 021 977	-1 140 027	-1 037 825	-991 625	-1 007 396		
NET CASH FROM / (USED) FINANCING ACTIVITIES	-101 872	36 725	369 562	24 697	70 897	-7 396		
NET INCREASE / (DECREASE) IN CASH HELD	518 876	176 459	1 299 948	-374 157	-269 565	-692 848		
Cash/cash equivalents at the year begin:	4 786 847	5 642 085	5 559 709	5 522 459	5 522 459	6 859 657		
Cash/cash equivalents at the year end:	5 305 723	5 818 544	6 859 657	5 148 302	5 252 894	6 166 809		
Source: Table B7 MTREF								
Cash and cash equivalents at year end has decreased from the	previous year. This	s is mainly attribut	table to increase i	n employee cost	and operating exp	oense.		

5.11. BORROWING AND INVESTMENTS Introduction

Borrowings

Borrowings were undertaken in the current financial year.

Financial Institution	Loan Amount	Fixed Interest Rate	Duration in
	R m	%	Years
NEDBANK	1 000 000 000	10.58%	15

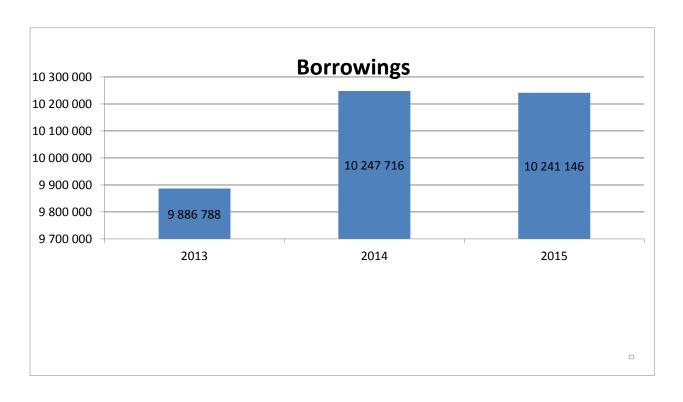
The Gearing Ratio (Total Debt: Total Income), a good indicator of the ratio of loans to revenue generated for the current and forecast for the next financial years is as follows:

2014/2015	2015/2016	2016/2017
%	%	%
41%	38%	35%

INVESTMENTS	2013/14	2014/15
	30-Jun-14	30-Jun-15
	%	%
Average rate of return on investments	5.99	6.91

BORROWINGS

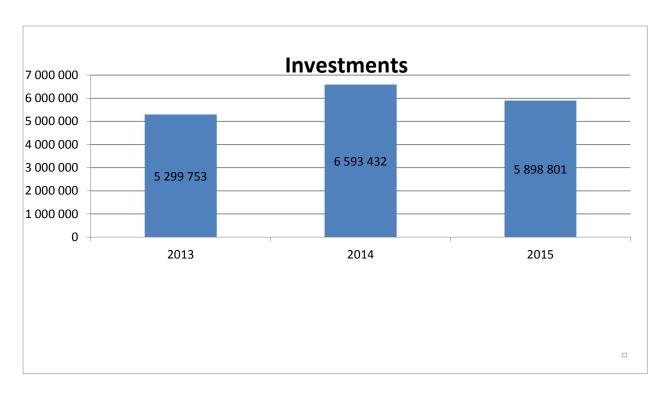
Actual Borrowings 2012/13-2014/15							
			R' 000				
Instrument	2012/2013	2013/2014	2014/2015				
	R'000	R'000	R'000				
Municipality	•						
Long-term loans (annuity / reducing balance)	9,886,788	10,247,716	10,241,146				
TOTAL	9,886,788	10,247,716	10,241,146				



Financial Year	Borrowings
2013	9,886,788
2014	10,247,716
2015	10,241,146

INVESTMENTS

012/2013	2013/2014	2014/2015	R' 000
	2013/2014	2014/2015	
ctual	Actual	Actual	
,299,753	6,593,432	5,898,801	
	0	0	
,299,753	6,593,432	5,898,801	
	,299,753	,299,753 6,593,432 0	,299,753 6,593,432 5,898,801 0 0



Financial Year	Investments(R'M)
2013	5,299,753
2014	6,593,432
2015	5,898,801

COMMENT ON BORROWING AND INVESTMENTS

Borrowings

In order to fulfil its service delivery mandate, the municipality will have to borrow R1.0 billion in the 2015/2016 financial year.

The pricing of the bond issuance is likely to cost 60bps to 75 bps more than the term loan, excluding the costs of lead arranger and rating agency costs. It is therefore at the best interest of the municipality to defer the issuance of eThekwini inaugural bond until the market conditions are more favourable. The municipality will invite the tenderers for the provision of long term loan finance for capital projects through long term vanilla loan in 2015/16 financial year.

Investments

Challenging Economic Times

The South African economic recovery remains subdued. The economy is expected to grow at 1.5% in 2015 and inflation is expected to be 3% - 6% target band over the medium term. In the prevailing turbulent financial markets, it is likely that the Monetary Policy Committee will continue increasing the repo rate in 2016 by 25 basis points in Q1 and Q2. The interest earned by the eThekwini Municipality for 2015 financial year is R 360.0 million.

5.12 SUPPLY CHAIN MANAGEMENT

Substantial progress made on proactively dealing with the reduction in irregular expenditure through screening all companies prior to registration onto the database and audit control checklist for reports coming to BEC & BAC.

Numbers of interventions, including the following, were implemented during the year in order to reduce the irregular expenditure: All tenderers were requested to submit signed declaration of interest forms. Payments vouchers were reviewed before processing for compliance with SCM. Conflict of interest task team was set up to review conflict of interest cases being identified and recommend corrective actions. MFMA circular on extension of contracts was communicated to all departments to ensure compliance. SCM policy was reviewed and also updated with latest MFMA circulars.

Policy amendments drafted and approved in keeping with the New Preferential Procurement Regulations, which came into effect on 7 December 2011. Also commenced with a project to roll-out of B-BBEE throughout the Municipality.

Commenced with an ISO 9001 project within SCM, which will include templates required during the SCM and Contract Management process. Other improvement projects include the adoption of Category Management as a process, address book consolidation to form a single central supplier database, and an electronic quotes management system (QMS) to improve the handling of quotations across the Municipality.

Intergovernmental relationships - fostered good working relationships with SALGA and other Metropolitan Municipalities to improve the pace of SCM implementation through knowledge sharing, etc.

5.13 GRAP COMPLIANCE

GRAP is the acronym for **Generally Recognised Accounting Practice and it provides the rules by which** municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

The Municipality is fully GRAP compliant. The current year accounting framework is consistent with the previous year.

The requirements as per the Accounting Standards Board will be the improved Standards of GRAP & IGRAPS. IGRAP is the acronym for Improved Generally Recognised Accounting Practice.

The purpose of improvements is to clarify matters in the existing standards and to ensure consistency between all GRAP standards. The Municipality has early adopted Standards of GRAP that have been approved but for which the Minister of Finance has not yet determined an effective date.

CHAPTER 6:

- 6.1. Auditor General Report 2014 / 2015
- 6.2. Management Responses 2014 / 2015

Report of the Auditor-General to the KwaZulu-Natal Provincial Legislature and the council on eThekwini Municipality

Report on the consolidated and separate financial statements

Introduction

1. I have audited the consolidated and separate financial statements of the eThekwini Municipality and its subsidiaries set out on pages 501 to 617, which comprise the consolidated and separate statement of financial position as at 30 June 2015, the consolidated and separate statement of financial performance, statement of changes in net assets, the cash flow statement and the statement of comparison of budget information with actual information for the year then ended as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the consolidated and separate financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

- 3. My responsibility is to express an opinion on the consolidated and separate financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.
- 4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the consolidated and separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate financial statements.
- 5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the eThekwini municipality and its subsidiaries as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

I draw attention to the matters below. My opinion is not modified in respect of these matters.

Significant uncertainties

7. As disclosed in note 39 to the financial statements, various legal claims have been lodged against the municipality. The ultimate outcome of the matters cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Material losses and impairments

- 8. With reference to note 45 to the financial statements, the municipality incurred material water losses amounting to R669 million (134, 33kl) (2014: R602 million (131,02 kl)) mainly due to illegal connections and deteriorating infrastructure.
- 9. As disclosed in note 8 to the financial statements, the municipality recognised a provision for bad debts of R2,5 billion (2014: R2,01 billion) on consumer debtors as the recoverability of these amounts was doubtful.

Material underspending of conditional grant

10. As disclosed in note 28 to the financial statements, the municipality materially underspent the conditional grant received, by R422 million in respect of the Integrated Rapid Transport Network.

Report on other legal and regulatory requirements

11. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

12. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for objective three: creating a quality living environment on pages 87 to 121 and objective eight: financially accountable and sustainable city on pages 176 to 187 as presented in the annual performance report of the municipality for the year ended 30 June 2015.

- 13. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
- 14. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).
- 15. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
- 16. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected objectives.

Additional matters

17. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected objectives, I draw attention to the following matters:

Achievement of planned targets

18. Refer to the annual performance report on pages 66 to 187 for information on the achievement of the planned targets for the year.

Adjustment of material misstatements

19. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for objective three: Creating a quality living environment. As management subsequently corrected the misstatements, I did not identify any material findings on the usefulness and reliability of the reported performance information.

Unaudited supplementary information

20. The supplementary information set out on pages 188 to 364 does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

Compliance with legislation

21. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

22. I considered internal control relevant to my audit of the financial statements, the annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Other reports

Investigations

23. At the request of the accounting officer, the City Integrity and Investigations Unit performed 11 internal investigations covering the period 1 July 2014 to 30 June 2015. The investigations which are still in progress are based on allegations of financial misconduct and non-compliance with the municipal supply chain management regulations by council employees.

Pietermaritzburg

auditor General

9 December 2015



Auditing to build public confidence

MANAGEMENT RESPONSES TO 2014-15 AUDIT REPORT AS REQUIRED BY SECTION 121(3) (g) OF THE MFMA

EMPHASIS OF MATTER

1. SIGNIFICANT UNCERTAINTY

1.1 Legal claims

Various legal claims had been lodged against the municipality. These legal claims have been disclosed as contingent liabilities in note 39,in the Annual Financial Statements because the ultimate outcome of these matters cannot presently be determined. The amount disclosed is the value being claimed by the other parties and is therefore considered to be prudent.

2. MATERIAL LOSSES AND IMPAIRMENTS

2.1 Water loss

In order to decentralize the roles and responsibilities of the NRW programme, some minor organogram amendments were implemented. The Customer Services Department will assume a greater role in the future towards increasing the billed metered consumption and the Operations Department will assume a greater role in reducing the real losses.

The Non-Revenue Water (NRW) Branch is responsible for monitoring the NRW situation at eThekwini Water and Sanitation (EWS) and reporting thereon, providing strategic direction for the Unit to reduce losses as well as implementing a number of programmes to reduce losses on a wide scale.

The primary objective of the NRW reduction activities is to reduce the NRW levels to a targeted and sustained value of 25% by volume (420 litres/connection/day total water losses) by June 2019.

Water losses of 134 333 086 kl (2013/2014: 131 021 634 kl) occurred during the year under review, which resulted in revenue losses to the municipality. The estimated water losses amounting to R669m (2013/2014: R602.6m) were due mainly to illegal connections and deteriorating infrastructure. The non-revenue water volume increased from 39.4% (see Deemed Consumption note) in 2013/14 to 39.7% in 2014/15. Based on a Water Research

Commission Report TT512/12, (using 2010 data), the current South African NRW average is 36.8% whilst the African average is 38.0%.

Deemed Consumption

In line with other Municipalities, it has been recommend to introduce the consumption from informal settlements into the water balance for the 2014/2015 FY. This consumption, estimated at approximately 31.3 MI/day was booked under "Authorised Billed Unmetered Consumption" as this consumption is unmetered but paid for via the equitable share allocation. The Department has a programme to install meters to all these areas and will use this meter information to keep the rampant demand under control. This deemed consumption will therefore slowly reduce to close to zero over time as more and more areas are metered. In the context of 2014/15 performance the Non-Revenue Water by volume percentage drops from 39.7% to 36.2%.

In line with the current NRW Business Plan, EWS is implementing a number of water loss interventions, the highlights of which for 2014/15 are as follows:

- During the year 227 Pressure Reducing Valves were designed and 77 installed and commissioned.
- The Leak Detection and Repair Strategy with a total of 16 Category B plumbers and specialist external contractors who were deployed in formal and informal areas has proved extremely successful and a total of 11 738 leaks were repaired from the 6 067 km of reticulation that were surveyed for leaks.
- A total of 4 520 connections were regularized and registered in COINS from the sweeps being conducted Metro-wide in old eThekwini Housing projects.
- In terms of the programme for meter replacement for domestic consumers which are more than 20 years old a total of 3 278 has been achieved. In addition 1 141 ICI (Industrial, Commercial and Institutional) consumer meters older than 20 years were replaced.
- The total number of registered connections increased by 9 835 (2.2%). Customer billing increased by an average of 5.7 Ml/day, as compared to 2013/2014, excluding the Deemed Consumption component. The stagnant sales volume is highlighted as a major concern for the Unit and several programmes are being conducted to address this. There are now a total of 498 105 registered connections in eThekwini.

- Physical progress in the field was negatively affected by SCM delays and appeals of procurement of consultants, contractors and materials, which had a subsequent impact on the financial year target. Many of these have been overcome but procurement of key items (valves, meter assembly fittings) continues to be problematic. Due to the various challenges mentioned, achieving the target for 2014/15 was difficult, but efforts managed to stabilize the slightly deteriorating NRW. It is predicted that the programme will be back on track by June 2016. A pivotal requirement to achieving this goal will be the reduction of tampering and illegal connections and an increase in political support and social compliance.
- A significant increase in budget and planned work will be required as per the NRW Business Plan in order to achieve the stated target of 25% NRW by volume by June 2019.

2.2 Provision for doubtful debts

The basis of calculation of the doubtful debt provision is consistent with the previous years.

The major portion of the provision is made up of:

- Residential properties in the Ingonyama Trust area
- Properties valued less than R250 000 that qualify for debt relief programme for water.
- Deceased estates
- Deregistered companies

The debt will be pursued until it is not feasible or cost effective to recover and thereafter will be written off.

3 MATERIAL UNDERSPENDING OF CONDITIONAL GRANT AND CAPITAL BUDGET

3.1 Unspent grants

The City improved spending in the 2014/15 financial year of the Department of Transport and Public Transport Infrastructure grant by spending R840m against the 2014/15 allocation of R654m and a 2013/14 rollover of R507. R422 million of the PTIG remained unspent at year ended 30 June 2015.

Reasons for under-spending:

The main reason for under expenditure was due to the following:

- Construction work was stopped on a number of occasions in 2014 and 2015 due to Mini
 Bus Taxi operators tabling demands.
 - This contributed to:-

- Total delay = 63 days per contract for 7 contracts
- In addition there were other work stoppages due to various groupings protesting for issues that are not related to the project

During the 2013/14 financial year the following delays were experienced in the project which had a direct impact to the under-spending in the 2014/15 financial year:

- Delays in the procurement process to appoint the professional teams for detailed design for C3 and C1 in the 12/13 financial year meant that construction could not start as early as planned. All professional teams have now been appointed and are performing to schedule.
- Delays in the appointment of construction contractors for C3. All contractors, except two, have been appointed and construction on C3 is well underway.
- Some delays have been incurred in finalising the procurement of the ROW construction, Depot and Terminal station due to internal funding discussions between the Transport Authority and Finance.

Remedial actions:

The overall strategy of the City is to ensure consistent expenditure on the grant by doing the following:

- Going out to tender for construction contracts based on preliminary design, and not waiting for the completion of detailed design.
- Making use of Section 32 of the Supply Chain Management Regulation to access existing contracts from other government departments or public entities i.e SANRAL, PRASA and KZN DOT.
- Detailed Design is taking place at the same time with Construction to reduce delays
- The corridors are broken up into several contracts to spread the work and fast track construction.

APPENDICES



No.	Surname	First Name	Telephone (Cell)	E-Mail Address	Ward No.	Gender	Party
1	Abraham	Michael	(c) 072 629 4384	Michael.Abraham@durban.gov.za	61	М	ANC
2	Adam	Mahomed Faruk	(c) 083 577 8648	-		М	PR-TA
3	Arunajallam	Chellappen	(c) 082 302 1925	chocks@telkomsa.net	60	М	ANC
4	Asbury	Shontel Veronica	(c) 072 761 8759	shontel.asbury751@gmail.com		F	PR-DA
5	Bayeni	Mduduzi Enock	(c) 082 719 3999	-	99	M	ANC
6	Beetge	André	(c) 082 718 8137	andreb@skytec.co.za	97	M	DA
7	Bhanprakash	Satishrai	(c) 082 771 1129	nessa.b@vodamail.co.za		M	PR-IFP
8	Bhengu	My-Pet Ntombifuthi	(c) 072 267 2228	Ntombifuthi.Bhengu@durban.gov.za		F	PR-ANC
9	Bhengu	Mhlabunzima Ronald	(c) 082 8375 948	-		M	PR-IFP
10	Biyela	Hlengiwe Precious	(c) 061 490 8495	Hlengiwe.Biyela@durban.gov.za		F	PR-DA
11	Burne	Warren Jerome de Marigny	(c) 083 326 6633	Warren.Burne@durban.gov.za / warrenburnecllr@gmail.com		М	PR-DA
12	Butelezi	Stanley Sakhephi	(c) 083 477 3896	Sakhephi.Buthelezi@durban.gov.za	16	М	ANC
13	Cassimjee	Ismail	(c) 076 737 8629	Ismail.Cassimjee@durban.gov.za ismailcassimjee@gmail.com/	70	М	DA



No.	Surname	First Name	Telephone (Cell)	E-Mail Address	Ward No.	Gender	Party
				minorityfront@ymail.com			
14	Cele	Hendrick	(c) 074 790 9277	-	67	M	ANC
15	Cele	Hlengiwe	(c) 072 227 3417	-		F	PR-ANC
16	Cele	Joice Nondumiso	(c) 083 571 4877	Nondumiso.Cele@durban.gov.za		F	PR-ANC
17	Cele	Mfanufikile Stanley	(c) 071 409 0122	Mfanufikile.Cele@durban.gov.za		M	PR-ANC
18	Cele	Nana Tryphina	(c) 083 242 9674	-		F	PR-ANC
19	Chamane	Nompumelelo Beata	(c) 071 864 5454	Nompumelelo.Chamane@durban.gov.za / mpumechamane1@mtn.blackberry.com		F	PR-ANC
20	Chili	Bonke Armstrong	(c) 082 339 4223	Bonke.Chili@durban.gov.za / chiliba@telkomsa.net	3	М	ANC
21	Coen	Avrille Marcia	(c) 083 775 4963	Avrille.Coen@durban.gov.za / cira@telkomsa.net		F	PR-DA
22	Collins	Terence Peter	(c) 082 492 1422	Terence.Collins@durban.gov.za / teecol@mweb.co.za		М	PR-DA
23	Crouch	Richard John	(c) 073 418 6996	councillor@ward10.co.za	10	М	DA



No.	Surname	First Name	Telephone (Cell)	E-Mail Address	Ward No.	Gender	Party
24	Dasarath	Madhanlall	(c) 084 3363942 / 0783987547	madanlall.dasrath@durban.gov.za		М	MF
25	Davis	Peter	(c) 082 571 3323	peterdee@telkomsa.net		М	PR-DA
26	De Boer	Heinz Ulrik	(c) 083 355 2343	ward35@ethekwini.org	35	М	DA
27	Dladla	Muziwenyanga Amon Kumakwabo	(c) 076 704 3794	muziwenyanga.dladla@durban.gov.za	82	М	ANC
28	Dlamini	Alliam Nkosiphendule	(c) 082 299 6599	-	91	М	ANC
29	Dlamini	Bongani	(c) 083 999 8341	-	46	М	ANC
30	Dlamini	Conrad Bongimusa	(c) 083 351 3474	Conrad.Dlamini@durban.gov.za	26	М	ANC
31	Dlamini	Japhet Mlungisi	(c) 072 204 6778 (c) 073 383 7676	-		М	PR-ANC
32	Dlamini	Ntwenhle Rudden	(c) 073 919 6133	-	85	М	ANC
33	Dlamini	Sipho	(c) 083 241 7161	Sipho.Dlamini@durban.gov.za / smisod@gmail.com	94	М	ANC
34	Dludla	Bongumusa Selby	(c) 073 642 0409	Musa.dludla42@gmail.com	102	М	ANC
35	Dube	Hloniphani Emmanuel	(c) 073 516 2554 /	hlonidube@ovi.com		M	PR-NFP



No.	Surname	First Name	Telephone (Cell)	E-Mail Address	Ward No.	Gender	Party
			(c) 082 736 6683				
36	Du Bois	Duncan Leslie	(c) 083 291 4913	dubois@axxess.co.za	66	М	DA
37	Fortein	Barbara Agnes	(c) 084 938 0019	barbarafortein@telkomsa.net		F	PR-ANC
38	Gaillard	Denis Colin	(c) 060 526 9915	Denis.Gaillard@durban.gov.za		М	PR-ANC
39	Ganesh	Deochand	(c) 084 510 4682	deochandg@gmail.com	34	М	DA
40	Gebashe	Vusi Emmanuel	(c) 083 891 5801	Vusi.Gebashe@durban.gov.za	55	М	ANC
41	Goge	Hleziphi Doreen	(c) 083 498 1482	-		F	PR-ANC
42	Gokool	Riona	(c) 072 786 2655	riona.gokoo.@durban.gov.za / rionagokool@gmail.com		F	PR-DA
43	Govender	Dheenadayalan	(c) 082 929 4498	ravi@naidoosflorist.co.za		М	PR-MF
44	Govender	Ganas	(c) 073 572 2896	ganas.govender8@gmail.com		М	PR-MF
45	Govender	Sarojini	(c) 083 502 1009	Sarojini.Govender@durban.gov.za		F	PR-ANC
46	Graham	Nicole Lee	(c) 083 616 1936	nicoleleegraham@gmail.com	33	F	DA
47	Gumede	Bongani Thulani	(c) 082 629 4981	bonganig@ikusasalethu.org	21	М	ANC



No.	Surname	First Name	Telephone (Cell)	E-Mail Address	Ward No.	Gender	Party
48	Gumede	Mduduzi Phineas	(c) 083 957 5514	Mduduzi.Gumede@durban.gov.za	13	М	ANC
49	Gumede	Ntombifuthi Clerice	(c) 076 133 1382	-		F	PR-IFP
50	Gumede	Sibusiso Nigel	(c) 083 2746 961	nigel.gumede@durban.gov.za		M	PR-ANC
51	Gumede	Thokozile Joyce	(c) 073 5838 585	Thokozile.Gumede@durban.gov.za		F	PR-IFP
52	Gumede	Vela Cecil	(c) 082 810 7355 / (c) 072 297 2823	-		М	PR-ANC
53	Gumede	Zandile Ruth Thelma	(c) 083 689 9394	Zandile.Gumede@durban.gov.za	53	F	ANC
54	Gwala	Bhungu Mgezeni	(c) 083 392 5467	-		М	PR-NFP
55	Hansraj	Shane	(c) 083 423 8102	Shane.Hansraj@durban.gov.za / hansrajr@absa.co.za		М	PR-MF
56	Hlengwa	Primrose Phumzile	(c) 083 5947 293	-		F	PR-ANC
57	Hlongwa	Bhekisisa Andreas	(c) 083 546 8565	Bhekisisa.Hlongwa@durban.gov.za	15	M	ANC
58	Hoorzuk	Diana Gloria	(c) 083 784 4208	Diana.HoorzukDG@durban.gov.za / dianah1@mweb.co.za		F	PR-ANC
59	Hoosen	Sharon	(c) 078 696 7289 /	cllrsharon@gmail.com/		F	PR-DA



No.	Surname	First Name	Telephone (Cell)	E-Mail Address	Ward No.	Gender	Party
			061 490 6320	sharonchetty@mweb.co.za			
60	lyir	Noorharpersadh Birtharthee	(c) 083 777 5248	IyirP@websa.net		М	PR-IFP
61	Jayanathan	Soobramoney	(c) 083 555 0886	Soobramoney.Jayanathan@durban.gov.za / lowernorth@kzn.da.org.za		М	PR-DA
62	Johnson	Managi	(c) 082 339 2789	action.da@mweb.co.za / Jmaggie@telkomsa.net		F	PR-DA
63	Kalicharan	Soonilall	(c) 083 683 3321	-	90	М	MF
64	Kaunda	Sipho Alam	(c) 073 353 0901	Sipho.Kaunda@durban.gov.za / sipho.kaunda@gmail.com		М	PR-ANC
65	Khawula	Nhlanhla Goosman	(c) 078 565 9628	-		M	PR-NFP
66	Khuzwayo	Lihle Berrington	(c) 072 288 4092	Lihle.Khuzwayo@durban.gov.za	89	M	ANC
67	Khuzwayo	Sduduzo	(c) 076 531 1199	Sduduzo.Khuzwayo@durban.gov.za	56	M	ANC
68	Kikine	Samuel Kikine Bhekuyise	(c) 071 608 4127	-		M	PR-ANC
69	Kunju	Vincent Thulani	(c) 072 668 1684	-	57	M	ANC
70	Langa	Christopher Bonginkosi	(c) 072 102 5696	-		М	PR-DA



No.	Surname	First Name	Telephone (Cell)	E-Mail Address	Ward No.	Gender	Party
71	Langa	Nomthandazo Patricia	(c) 083 249 5489	-		F	PR-ANC
72	Lefevre	Rivaltz Jethro	(c) 082 770 4836	ward31@ethekwini.org	31	М	DA
73	Lutyeku	Velile	(c) 083 390 2345	Velile.Lutyeku@durban.gov.za		М	PR-ANC
74	Lubhede	Siphiwe Hendrick	(c) 082 348 2188 / (c) 074 104 8974	lubhedesh@webmail.co.za	37	М	ANC
75	Luthuli	Pearl	(c) 082 719 3056	Pearl.Luthuli@durban.gov.za / Luthilip1@gmail.com		F	PR-ANC
76	Mabaso	Nompumelelo Theodorah	(c) 073 840 6865	Nompumelelo.Mabaso@durban.gov.za	62	F	ANC
77	Mabizela	David Dumsani	(c) 082 293 8794	Dumsani.Mabizela@durban.gov.za	43	М	ANC
78	Macpherson	Rory Dean	(c) 082 455 7113	rorym@eastcoast.co.za		М	PR-DA
79	Madlala	Zimisele	(c) 073 616 0788	Zimisele.Madlala@durban.gov.za	54	М	ANC
80	Magubane	Thami	(c) 078 930 3137	Thami.Magubane@durban.gov.za	98	М	ANC
81	Magwaza	Makhosazana Queeneth	(c) 072 398 7742	Makhosazana.Magwaza@durban.gov.za		F	PR-ANC
82	Makhanya-Sibiya	Nokuthula Judith	(c) 083 538 0199	Nokuthula.Makhanya-Sibiya@durban.gov.za		F	PR-ANC



No.	Surname	First Name	Telephone (Cell)	E-Mail Address	Ward No.	Gender	Party
83	Mapena	William Lekgoa	(c) 083 328 4958	William.Mapena@durban.gov.za / phoeby@webmail.co.za		М	PR-ANC
84	Maphumulo	Hubane Godfrey	(c) 083 959 4509	Godfrey.Maphumulo@durban.gov.za	96	M	ANC
85	Mbongwa	Jabulisile Loraine	(c) 071 817 9560	Lorraine.Mbongwa@durban.gov.za	24	F	ANC
86	Mchunu	Sithembiso Maria-Goret	(c) 083 757 5789	Sithembiso.Mchunu@durban.gov.za	9	F	ANC
87	Mcoyi	Simingayesonke Wiseman	(c) 083 356 1023	smcoyi@yahoo.com		M	PR-NFP
88	Mdlalose	Lucky Pomu	(c) 071 234 1469	Lucky.Mdlalose@durban.gov.za / lifikile@webmail.co.za	41	М	ANC
89	Meyer	Lukas Marthinus	(c) 078 729 8768	meyermartinsa@gmail.com	27	М	DA
90	Mfeka	Patrick	(c) 083 741 5374	-	14	М	ANC
91	Mhlanzi	Dennis Mzwandile	(c) 076 413 9333	Dennis.Mhlanzi@durban.gov.za		M	PR-ANC
92	Mhlongo	Sikelela Emmanuel	(c) 073 3712 185	-		M	PR-DA
93	Mhlongo-Ntaka	Lindiwe Muriel	(c) 082 6808 457			F	PR-ANC
94	Mitchell	André Ross	(c) 084 464 1650	Andre.Mitchell@durban.gov.za / amitchell@absamail.co.za	63	М	DA



No.	Surname	First Name	Telephone (Cell)	E-Mail Address	Ward No.	Gender	Party
95	Mkhize	Bongumusa Anthony	(c) 078 121 5642 / (c) 072 438 7335	Bongumusa.Mkhize@durban.gov.za / musa.mkhize@yahoo.com	1	М	ANC
96	Mkhize	Maxwell Mvikelwa	(c) 076 143 2814	Maxwell.Mkhize@durban.gov.za	2	М	ANC
97	Mkhize	Mbuyiseni Percival	(c) 078 225 7645	Mbuyiseni.Mkhize@durban.gov.za	100	M	ANC
98	Mkhize	Nomzamo Irene	(c) 083 749 5118	-	88	F	ANC
99	Mkhize	Sibongiseni	(c) 072 700 8421	Sibongiseni.Mkhize@durban.gov.za	22	M	ANC
100	Mncwabe	Divas Fakisono	(c) 072 127 4841	-		M	PR-NFP
101	Mncwango	Zwakele Maxwell	(c) 082 862 0360	Zwakele.Mncwango@durban.gov.za / zwakelem@gmail.com		М	PR-DA
102	Mngadi	Bhekisisa Richard	(c) 083 506 1105	Bhekisisa.Mngadi@durban.gov.za	29	М	ANC
103	Mngadi	Molly	(c) 083 4220 059 / 0834224359	mngadim@durban.gov.za		F	PR-IFP
104	Mngwengwe	Lucky Nhlanhla	(c) 084 6222 353 / (c) 071 0476 374	Lucky.Mngwengwe@durban.gov.za	6	М	ANC
105	Mnyandu	Mathombi Claudia	(c) 082 592 7390	Mathombi.MnyanduMC@durban.gov.za / Mathombic@gmail.com	77	F	ANC



		=			Ward		
No.	Surname	First Name	Telephone (Cell)	E-Mail Address	No.	Gender	Party
106	Moodley	Shunmugam Ramsamy	(c) 084 557 8777	action@mweb.co.za	48	М	ANC
107	Morar	Shamini	(c) 083 679 4503	Shamini.Morar@durban.gov.za / nnp@saol.com		F	PR-ANC
108	Moyo	Fanie Themba	(c) 076 483 9984	Fanie.Moyo@durban.gov.za	7	М	ANC
109	Mpungose	Bongani Emmanuel	(c) 072 424 0388	Bongani.Mpungose@durban.gov.za/ bmpungose1@gmail.com	92	М	IND
110	Msani	Njabulo Eugene	(c) 072 705 3783 / (c) 074 361 2601	Njabulo.Msani@durban.gov.za	44	М	ANC
111	Mshengu	Selby Nhlanhla Lucky	(c) 079 502 5980	snlmshengu@gmail.com		M	PR-DA
112	Mthembu	Angel Genqe	(c) 076 987 2641	Angel.Mthembu@durban.gov.za		F	PR-NFP
113	Mthembu	Babayi Absolom	(c) 083 732 9625	-	98/99	М	PR-DA
114	Mthembu	Melta Khanyisile	(c) 073 179 2625	MeltaKhanyisile.Mthembu@durban.gov.za		F	PR-ANC
115	Mthembu	Nomusa Euna	(c) 084 624 3785	-	81	F	ANC
116	Mthembu	Octavia Nolubabalo	(c) 083 368 6543	Octavia.Mthembu@durban.gov.za	74	F	ANC
117	Mthethwa	Thabani Mbongiseni	(c) 076 721 3708	-		М	PR-NFP



No.	Surname	First Name	Telephone (Cell)	E-Mail Address	Ward No.	Gender	Party
118	Mthethwa	Zanele Priscilla	(c) 072 027 8474 / (c) 074 076 3705	mthethwazanep@gmail.com		F	PR-NFP
119	Mtshali	Bongiwe Rose	(c) 072 488 0585	-		F	PR-NFP
120	Mtshali	Themba Solomon	(c) 073 267 3245	Themba.MtshaliTS@durban.gov.za / themba.mtshali2@gmail.com	23	М	ANC
121	Mvubu	Andreas Bhekumuzi	(c) 072 773 7092 / (c) 073 541 3246	Andreas.Mvubu@durban.gov.za	19	М	ANC
122	Mzobe	Robert Mshiyeni	(c) 072 529 5479	Robert.Mzobe@durban.gov.za	76	М	ANC
123	Naidoo	Jane	(c) 078 154 9193	Jane.Naidoo@durban.gov.za / j.c.windows@telkomsa.net		F	PR-IFP
124	Naidoo	Jonathan	(c) 072 450 3960	jonathann@telkomsa.net		М	PR-ACDP
125	Naidoo	Loganathan	(c) 083 272 4658	Loganathan.Naidoo@durban.gov.za		М	PR-ANC
126	Naidoo	Pragalathan	(c) 082 889 0024	rockett@mjvn.co.za		М	PR-DA
127	Naidoo	Sadaishum	(c) 082 650 4462	stevenn@intekom.co.za		М	PR-COPE
128	Naidoo	Selverani Rungiah	(c) 073 773 9330	-		F	PR-DA



No.	Surname	First Name	Telephone (Cell)	E-Mail Address	Ward No.	Gender	Party
129	Ncane	Themba Jacob	(c) 072 322 1170	Themba.Ncane@durban.gov.za	28	М	ANC
130	Ndlela	Ntombi Beatrice	(c) 073 675 4836	Ntombi.Ndlela@durban.gov.za		F	PR-ANC
131	Ndlovu	Halalisani Manqoba	(c) 082 5179326	Halalisani.Ndlovu@durban.gov.za		М	PR-DA
132	Ndlovu	Lydia Nondumiso	(c) 071 951 2226	Nondumiso.Ndlovu@durban.gov.za	59	F	ANC
133	Ndlovu	Sandile	(c) 072 395 0333 / (c) 078 473 6385	Sandile.Ndlovu@durban.gov.za / sndlndlovu@yahoo.com	75	М	ANC
134	Ndzimbomvu	Mxolisi Kenneth	(c) 072 737 0971	Mxolisi.Ndzimbomvu@durban.gov.za	58	М	ANC
135	Ndzoyiya	Zanele Sharon	(c) 083 928 7229	Zanele.Ndzoyiya@durban.gov.za	30	F	ANC
136	Necobo	Vincent Sipho	(c) 079 974 7670	vincent.ngcobo@durban.gov.za	93	М	ANC
137	Ngcobo	Gregory Sikhumbuzo	(c) 079 633 9077	Gregory.Ngcobo@durban.gov.za / sikhumbuzo.ngcobo@kzndoe.gov.za	45	М	ANC
138	Ngcobo	Mduduzi Christian	(c) 073 192 7790		12	М	ANC
139	Ngcobo	Obed Bhekisani	(c) 083 503 1871 / (c) 084 252 9576	Obed.Ngcobo@durban.gov.za	25	М	ANC
140	Ngcobo	Sindiswa Pretty-Girl	(c) 072 570 5819	Sindiswa.Ngcobo@durban.gov.za		F	PR-ANC



No.	Surname	First Name	Telephone (Cell)	E-Mail Address	Ward No.	Gender	Party
141	Ngema	Dumisani Lucky	(c) 083 726 7888	Dumisani.Ngema@durban.gov.za	40	M	ANC
142	Ngema	Sithembiso	(c) 072 402 1244	masawuzanetrading@yahoo.com		M	PR-DA
143	Ngiba	Mkhipheni Mzimuni	(c) 083 3391 368	Mkhipheni.Ngiba@durban.gov.za	101	M	ANC
144	Ngubane	Trevor Thabani	(c) 079 1071 293	tmbomvu.apc@gmail.com			APC
145	Ngwane	Bhekisisa Alexius	(c) 083 722 1716	Bhekisisa.Ngwane@durban.gov.za	42	M	ANC
146	Ngwazi	Lindela Artwell	(c) 078 046 5253	Lindela.Ngwazi@durban.gov.za		M	PR-ANC
147	Nhlapho	Sibongile Jeanetty Marcia	(c) 072 188 5778	Sibongile.Nhlapho@durban.gov.za / sbon70@webmail.co.za		F	PR-ANC
148	Nkosi	Mduduzi Samuel	(c) 076 1331 382	Mduduzi.Nkosi@durban.gov.za		M	PR-IFP
149	Nofeketa	Nkululeko Cromwell	(c) 082 817 2478	Nkululeko.Nofeketa@durban.gov.za		M	PR-DA
150	Nojiyeza	Mthokozisi	(c) 078 152 7339	-	80	M	ANC
151	Noyce	Gillian Margaret	(c) 082 800 0943	gnoyce@zamail.co.za		F	PR-DA
152	Ntshangase	Bridget	(c) 073 132 1278	Bridget.Ntshangase@durban.gov.za		F	PR-ANC
153	Ntshangase	Mary-Jane Mama	(c) 084 415 4089	Mary-Jane.Ntshangase@durban.gov.za		F	PR-ANC



No.	Surname	First Name	Telephone (Cell)	E-Mail Address	Ward No.	Gender	Party
154	Nxumalo	James Sikhosiphi	(c) 073 490 9804	James.Nxumalo@durban.gov.za		М	PR-ANC
155	Nyanisa	Nelisiwe Nestar	(c) 083 463 3044	Nelisiwe.Nyanisa@durban.gov.za		F	PR-ANC
156	Nyawose	Mishack Sithenjwa	(c) 082 767 9868	-	79	М	ANC
157	Nzama	Ziphathele Vincent	(c) 074 519 6920	-	86	М	ANC
158	Nzuza	Theresa Thembi	(c) 083 682 6702 / 073 878 0904	nzuza.thembi@yahoo.com		F	PR-ANC
159	Padayachee	Pragasan	(c) 082 407 2797	Pragasan.Padayachee@durban.gov.za		М	PR-MF
160	Peer	Fawzia	(c) 082 570 6939	Fawzia.Peer@durban.gov.za / fawziap@global.co.za		F	PR-ANC
161	Phewa	Richard Zibani	(c) 082 934 5622	-	103	М	ANC
162	Phungula	Bhekithemba Paulus	(c) 076 535 7190	Bhekithemba.Phungula@durban.gov.za	84	М	ANC
163	Pienaar	Jacob Johannes	(c) 082 824 8523	Jacob.Pienaar@durban.gov.za / Councillor@31east.co.za		М	PR-ANC
164	Pillay	Danovan	(c) 084 654 6969	tinopillay1@yahoo.com	49		DA
165	Pillay	Devaraj Rama	(c) 078 174 8914 /		73	М	DA



No.	Surname	First Name	Telephone (Cell)	E-Mail Address	Ward No.	Gender	Party
			(c) 084 796 5590				
166	Pillay	Kannagamba Rani	(c) 061 490 5627	Kannagamba.Pillay@durban.gov.za / krpillay@gmail.com		F	PR-DA
167	Pillay	Kavilan Brandon	(c) 072 203 7746	Brandon.Pillay@durban.gov.za	69	М	ANC
168	Pillay	Krishna	(c) 083 608 3253	Krishna.Pillay2@durban.gov.za dachatswork@gmail.com		М	PR-DA
169	Pillay	Patrick	(c) 083 797 9824	Patrick.Pillay@durban.gov.za / patrickpp@mweb.co.za	51	М	MF
170	Prinsloo	Billie Dorothea	(c) 082 923 0842	billie@saol.com	64	F	DA
171	Pullan	Geoffrey Douglas Ayrton	(c) 083 695 9190	Geoffrey.Pullan@durban.gov.za / geoffpullan@iafrica.com		М	PR-DA
172	Qulo	Valelisa Obed Obadiah	(c) 078 127 6114	obed.qulo@gmail.com	11	М	ANC
173	Ryley	Shaun	(c) 083 974 3500	ward36@shaunryley.com	36	М	DA
174	Shabalala	Abegail Nomthandazo	(c) 073 188 7759	-	87	F	ANC
175	Shabalala	Nomvuzo Francisca	(c) 082 3987 632	Nomvuzo.Shabalala@durban.gov.za		F	PR-ANC



No.	Surname	First Name	Telephone (Cell)	E-Mail Address	Ward No.	Gender	Party
176	Shange	Senzangakhona	(c) 082 791 1058	Senzangakhona.Shange@durban.gov.za	95	M	ANC
177	Shelembe	Micheal Themba	(c) 073 195 3655	Micheal.ShelembeMT@durban.gov.za / tsshelembe@webmail.co.za	8	М	ANC
178	Shembe	Patience Nomvula	(c) 073 782 7358	Nomvula.Shembe@durban.gov.za	17	F	ANC
179	Shozi	Dennis Mzwamasoka	(c) 072 7334 500	Dennis.Shozi@durban.gov.za	4	М	ANC
180	Sibiya	Mbuyiselwa Ephraim	(c) 082 724 9510 / (c) 084 498 5620	Mbuyiselwa.Sibiya@durban.gov.za / tallmansibiya@gmail.com	38	М	ANC
181	Sibiya	Ntombizodwa Princess	(c) 072 219 8274	Ntombizodwa.Sibiya@durban.gov.za		F	PR-ANC
182	Sibiya	Professor Mbasobheni	(c) 083 658 4976 / (c) 082 760 0471	Professor.Sibiya@durban.gov.za	47	М	ANC
183	Singh	Davanand	(c) 084 9000 196	Zenetta.sanchez@gmail.com	50	М	MF
184	Singh	Bradley	(c) 072 372 5326	Davanand.Singh@durban.gov.za	52	М	DA
185	Singh	Eurika Lyndal	(c) 072 324 6106			F	PR-DA
186	Singh	Jayraj	(c) 083 560 2906	Jayraj.SinghJayraj@durban.gov.za/ singhjayrajparis@gmail.com	71	М	DA



No.	Surname	First Name	Telephone (Cell)	E-Mail Address	Ward No.	Gender	Party
187	Sishange	Patience Samukelisiwe	(c) 082 685 0934	Patience.Sishange@durban.gov.za / lwazinfh@hotmail.com		F	PR-ANC
188	Snyman	Aubrey Desmond	(c) 082 7007 081	-	68	М	DA
189	Sokhabase	Zamazulu Ruth	(c) 073 092 9991	Zamazulu.Sokhabase@durban.gov.za / zSokhabase@yahoo.com		F	PR-ANC
190	Sosibo	Jacob Bheka	(c) 061 788 1317	Jacob.SosiboJB@durban.gov.za	5	М	ANC
191	Sutcliffe	Bruce Anthony	(c) 082 822 6854	bruce@ward18.co.za	18	М	DA
192	Thring	Wayne Maxim	(c) 083 623 1240	Wayne.Thring@durban.gov.za / wayne@acdpkzn.co.za		М	PR-ACDP
193	Van den Berg	Jan Christoffel	(c) 082 372 2403	ward65@ethekwini.org	65	М	DA
194	Xhakaza	Mandlenkosi Boniface	(c) 082 614 9337	Boniface.Xhakaza@durban.gov.za / njololo@gmail.com	83	М	ANC
195	Xulu	Stanley Zamokwakhe	(c) 083 741 5189	Stanley.XuluSZ@durban.gov.za		М	PR-ANC
196	Young	Nokuthula Yolenda	(c) 079 089 7375	Nokuthulayolendayoung@gmail.com		F	PR-ANC
197	Zenzile	Sebenzile William	(c) 073 200 3984 / (c) 031) 305 5399	William.Zenzile@durban.gov.za / william.zenzile@gmail.com	32	М	ANC



No.	Surname	First Name	Telephone (Cell)	E-Mail Address	Ward No.	Gender	Party
198	Zondo	Bongumusa	(c) 072 242 1182	oscar.zondo@afmox.linde.com	39	М	IFP
199	Zulu	Muzonjani Zacharia	(c) 072 981 1219	Muzonjani.Zulu@durban.gov.za / mzoh@telkomsa.net		М	PR-NFP
200	Zuma	Thandiwe Meltah	(c) 074 035 6258	Thandiwe.Zuma@durban.gov.za	78	F	ANC
201	Zungu	Marcus Sifiso	(c) 082 532 8125 / (c) 078 414 5946	Marcus.Zungu@durban.gov.za	20	М	ANC
202	Zungu	Pindiwe	(c) 072 809 7379	Phindiwe.Zungu@durban.gov.za	72	F	ANC
203	Zwane	Mqiniseni Simon	(c) 082 964 3348	Simon.Zwane@durban.gov.za / simonzwi@mweb.co.za		М	PR-ANC
204	VACANT	1	1	'		1	1
205	VACANT						

APPENDIX B: COMMITTEES (OTHER THAN EXCO) AND PURPOSE OF MEETINGS

COMMITTEE NAME	PURPOSE OF COMMITTEE			
Municipal Council	This is the final decision-making structure within the Municipality. It holds the executive and legislative power of the Municipality and thus responsible for the overall governance of the local community affairs. Key functions of the Municipal Council include passing of bylaws; approval of budgets; imposition of rates, taxes, levies and duties; raising of loans; power to set tariffs; power to decide to enter into a service delivery agreement; and power to amend the Municipality's Integrated Development Plan.			
Executive Committee	This is the Principal Committee of the Municipal Council. It guides the Council in performing its role of political oversight of the Municipality's functions; programmes; and the management of the administration. It receives and considers reports from Section 80 Committees and makes recommendations for consideration by the Municipal Council.			
Community & Emergency Services Committee	Considers and makes recommendations to the Executive Committee and Council on all matters pertaining to Emergency Services, Health, Social and Environmental Services, Safety and Security, Cemeteries and Crematoria			
Human Settlements & Infrastructure Committee	Considers and makes recommendations to the Executive Committee and Council on all matters pertaining to electricity, engineering, human settlements, transport, waste management and water & sanitation.			
Finance & Procurement Committee	Considers and makes recommendations to the Executive Committee and Council on all financial and procurement issues as well as real estate and Municipal asset management issues.			
Governance and Human Resources Committee	Considers and makes recommendations to the Executive Committee and Council on all matters pertaining to, amongst other things, corporate administration; provision of financial assistance to Non-Government Organisations responsible for community upliftment; combating racism, xenophobia and discrimination within the Municipality; developing ties with parties sharing common interests with that of the eThekwini Municipality; overall human resources issues; occupational health & safety; and stakeholder and public participation.			
Economic Development & Planning Committee	Considers and makes recommendations to the Executive Committee and Council on all matters pertaining to strategic projects; local business empowerment; Municipal Planning matters; bulk and retail markets; local tourism; and environmental planning and enforcement.			

COMMITTEE NAME	PURPOSE OF COMMITTEE
Town Planning Sub-Committee	Considers and makes recommendations to the Economic Development & Planning Committee, Executive Committee and Council in respect of Town Planning issues.
Speaker's Committee	Considers issues on the Council Agenda and assists the Speaker with his statutory duties, including the statutory duty assigned to the Speaker to ensure the proper conduct of council meetings. Also considers any other issues raised by Party Whips; such as issues affecting Councillors' welfare.
AIDS Council	Advises the Executive Committee on the incidence of persons infected and affected by HIV and AIDS within the Municipal area and strategies for a comprehensive Municipal response to HIV and AIDS.
Municipal Public Accounts Committee	Helps Council to hold the administration, municipal agencies and entities accountable for their management of municipal funds and assets in order to ensure the efficient and effective utilisation of Council resources.
Civilian Oversight Committee	Performs the function of civilian supervision of the municipal police service.
Appeals Committee	Hear appeals lodged against decisions taken by a political structure or political office bearer of the Municipality.
Ethics Committee	It considers, investigates and makes findings on any alleged breaches of the Councillors' Code of Conduct and makes appropriate recommendations to the Council.
Audit Committee	Advises the Council, political office bearers, the City Manager and Management on matters relating to internal financial control and financial audits; accounting policies; the adequacy, reliability and accuracy of financial reporting and information; performance management; effective governance; compliance with the Municipal Finance Management Act, the Annual Division of Revenue Act and any other applicable legislation; and performance evaluation.
Risk Committee	Assists the City Manager and Council to fulfil their risk management and control responsibilities in accordance with prescribed legislation and corporate governance principles.
Bid Specification Committee	Compiles specifications for each public invitation for competitive bids, and where authority has been sought to invite bids, by the Municipality.

COMMITTEE NAME	PURPOSE OF COMMITTEE
Bid Evaluation Committee	Evaluates bids in accordance with the specifications for a specific procurement; and the points system set out in terms of paragraph 27(2)(f) of the SCM Policy and as prescribed in terms of the Preferential Procurement Policy Framework Act.
Bid Adjudication Committee	Considers reports and recommendations of the Bid Evaluation Committee; and either makes a final award or a recommendation to the Accounting Officer to make the final award; or makes another recommendation to the Accounting Officer on how to proceed with the relevant procurement.
Blacklisting Committee	Bars persons or business entities who engage in undesirable or irregular practice/s or who default through wilful or negligent conduct from conducting business with the municipality.
Cleansing & Solid Waste Training Committee	Considers matters concerning the training of staff of the Cleansing & Solid Waste Unit.
Consent Review Committee	Considers applications by Council employees who wish to conduct private business provided the business is not in conflict with their employment at the Municipality.
Durban Infrastructural Development Trust	Deals with Trust matters regarding the Point Development area.
eThekwini Municipality Informal Economy Forum	Considers matters concerning informal trade in the Municipality.
Local Labour Forum: Metro Unit	Considers labour matters of the Health Unit and where necessary makes recommendations to the Cluster Local Labour Forum (Community & Emergency Services).
Local Labour Forum: Health Unit	Considers labour matters of the Health Unit and where necessary makes recommendations to the Cluster Local Labour Forum (Community & Emergency Services).
Unit LLF : Electricity	Considers labour matters of the Health Unit and where necessary makes recommendations to the Cluster Local Labour Forum (Human Settlements & Infrastructure).
Unit LLF: Water and Sanitation	Considers labour matters of the Health Unit and where necessary makes recommendations to the Cluster Local Labour Forum (Human Settlements & Infrastructure).
Human Resources & Development Sub- Committee: Governance and Corporate & Human Resources	Considers skills development matters of the Governance and Corporate & Human Resources Clusters.

COMMITTEE NAME	PURPOSE OF COMMITTEE				
Human Resources & Development Sub- Committee: Economic Development & Planning	Considers skills development matters of the Economic Development & Planning Cluster.				
Human Resources & Development Sub- Committee: Local Labour Forum: Treasury & Office of the City Manager	Considers skills development matters of the Treasury Cluster & Units reporting directly to the City Manager.				
Local Labour Forum: Governance and Corporate & Human Resources	Considers labour matters of the Governance & International Relations and Corporate & Human Resource Clusters.				
Local Labour Forum: Community & Emergency Services	Considers labour matters of the Community & Emergency Services Cluster.				
Local Labour Forum: Human Settlements & Infrastructure	Considers labour matters of the Trading Services and Human Settlements, Engineering & Transport Authority Clusters.				
Local Labour Forum: Economic Development & Planning	Considers labour matters pertaining to the Economic Development & Planning Cluster.				
Local Labour Forum: Treasury & Office of the City Manager	of Considers labour matters pertaining to the Treasury Cluster an Units reporting directly to the City Manager.				
Mayoral Awards Steering Committee	Considers all matters concerning the Mayoral Awards Programme.				
Senior Citizens Steering Committee	Considers matters concerning the functions of Senior Citizens within the Municipality.				
Sports Body Leases : Monitoring and Evaluation Committee	Considers and makes recommendations regarding the lease of recreational amenities to sporting bodies, clubs, etc.				
EThekwini Transport Authority	Responsible for dealing with public transport issues within the eThekwini Municipal area.				
City Stars Committee	Responsible for dealing with the evaluation of staff nominated to receive City Stars Awards and the compensation thereof.				
Fraud Prevention Sub-Committee	Monitoring and implementing the Fraud Prevention Strategy which outlines how the Municipality intends to mitigate and manage the threat of fraud and corruption within the City.				
Locomotion Sub-Committee	Evaluate and approve car allowance for staff members eligible to receive this benefit.				

APPENDIC C: DISCLOSURES OF FINANCIAL INTEREST

Period 1 July 2013	3 to 30 June 2014				
Position	Name	Description of Financial interests* (Nil / Or details)			
(Executive) Mayor	JS Nxumalo				
Members of Exco	NF Shabalala	Pension: Municipal Councillors Pension Fund Land & Property: Westville			
	L Naidoo	 Directorship & Partnership in La Mercy Beach Hotel, Chelmsford Hotel, Fairbreeze Hotel (Hotels and Liquor stores). Consultancies & Retainership: Jeevie Pillay (wife) private social worker Land & Property: 9 Malcolm Welf are Circle, Westbrook Beach (1.4mil) Residential home. Pension: KZN Municipal Pension Fund 			
	S Z Xulu	Pension: Municipal Councillors Pension Fund Land & Property: House in Umgababa and Land in Danganya Shares& Financial Interests: Igagasi Foundation (100%) and Inkasa Primary Co-Opt (30%)			
	F Peer	 Shares: Telkom (100), Kumba (100), Al Baraka (20326.97 units), Oasis Cresent Fund (34925.79) and Mittal Steel (100) (on 2006 disclosure only, not appearing on the 2011/2012 forms) Directorship & Partnership: Minara Board Member-Business Chamber. Pension: Municipal Councillors Pension Fund Land & Property: Family home in Westville (Family Trust) 			
	Z R T Gumede	Property: Phoenix and Amaoti Pension: Municipal Councillors Pension Fund Close Family members' business interest with Municipality: Izinhlelo Training Enterprise and Ntsikohs Training Enterprist			
	S N Gumede	Pension: Municipal Councillors Pension Fund Property: Westville			
	J N Cele	Directorships and Partnerships in Imqanawe Yama Khosikazi Impande Pension: Municipal Councillors Pension Fund			

Period 1 July 2013	3 to 30 June 2014	
Position	Name	Description of Financial interests* (Nil / Or details)
	Z M Mncwango	Directorship and Partnership: Igwababa Guest Lodge, Sizwe Entertainment and Events, Ngqondo Convenient Centre, Ngqondo Electrical and Plumbing Solutions Sazwa Advance Driving School Land: Leased land from Ingonyama Trust (Nongoma) Remunerated work outside the Municipality: Electricity at Conlog (R120 000 amount of annual remuneration or income)
	H U de Boer	Land and Property: Smallholding in PMB Remunerated work outside the Municipality: Part-time Lecturer at Durban University Technology (±R10 000 amount of annual remuneration or income)
	B.R.Mtshali	 Land & Property: Private house in Sea Cow Lake (R850 000) Close family members' business interest with the Municipality: R B Mtshali Wenzile Training, Cleaning Services R70 000, R106 000
	M S Nkozi	Nil
Municipal Manager	Sibusiso Sithole	Land & Property: Sectional Title Unit 38, Scheme no 69, SS Cressington (R 360,000), Sectional Title Unit 30, Scheme 386, SS Tiloch (260,000), Erf 505, Umlazi, (R440, 000), Erf 35, Montessel (R 1,340,000), Erf 1315, La Lucia, Ext 8 (R 472,500) & Sectional Title Unit 116, Scheme 758, SS Villa D'Algarve (R 899,000). Relationship Declaration: National Education Co-Ordinating Committee (Not in operation), Xhuma Development Solutions Cc (Final Deregistration), Future Bound Holdings (Pty) Ltd (Final Deregistration), Ikusasalethu Farming Venture Cc (Final Deregistration), Imilolozelo Logistic Cc(Final Deregistration), Reflection Strategy Leadership And Governance Services Cc (In Business)
Deputy Municipal Manager - Chief Financial Officer	Krish Kumar	Shares: Old Mutual (1300), Sanlam (460), Sasol (100), Vodacom (100) Relationship Declaration: IMFO (sec21) Land & Property: 133 Siripat Road, Reservoir Hills (Residential) (Value R1200 000) Section 9 of 213 Kempton Park (Value R600 000)(Previous Financial year income +- R40 000)
Deputy Municipal Manager -	Sipho Cele	Land & Property: 43 Chearsley Rd. Westville (R1900 000), Hamilton Str. Pretoria (R300 000)

Period 1 July 2013	3 to 30 June 2014						
Position	Name	Description of Financial interests* (Nil / Or details)					
Governance							
Deputy Municipal Manager – Community and Emergency Services	Musa Gumede	Shares: Yakhisizwe Investment Ltd (+/-5%), (R500 000) Land & Property: 24 Kelvin Place, Dbn North (+/-2000 SqM) (R2700 000), 4 Collingham, Umbilo (75 SqM) (R350 000)					
Deputy Municipal Manager – Economic Development							
Deputy Municipal Manager – Corporate & HR	Dumisile Nene	Land and Property: House-Darnall (1858SqM) (Value R826 000) (Income R51 096), Flat-NRB (90.80SqM) (Value R380 000) (Income R28 627-20), Flat-Shaka's rock (90.80SqM)(Value R900 000) Consultancy: Dumiswa Consult. HR &other consulting activities					

APPENDIX D: AUDIT AND RISK COMMITTEE REPORT

CONSOLIDATED REPORT OF THE AUDIT COMMITTEE TO THE COUNCIL OF ETHEKWINI MUNICIPALITY FOR YEAR ENDED 30 JUNE 2015

The Audit Committee is a committee constituted in terms of sections 166(2) and 166 (6) (b) of the Municipal Finance Management Act, 56 of 2003and Section 94 (7) of the Companies Act.

The Audit Committee is an independent advisory body which **must** advise the Accounting Officer, the Board of the Entity and the management staff of the Municipality and Entity. It advises in matters relating to:-

- Internal financial control:
- Internal Audit:
- Risk Management processes;
- Financial Reporting;
- Performance Management;
- Governance;
- Compliance with laws and regulations; and
- Any other issues referred by the Municipality or its Entities.

TERMS OF REFERENCE

The Audit Committee has adopted formal terms of reference, *hereafter referred to as the Audit Committee Charter*. The Charter is presented at a formal meeting, deliberated upon and recommended for final approval by Council. The Audit Committee has executed its duties in accordance with these terms of reference during the financial year ended June 2015.

COMPOSITION AND MEETINGS

The Committee met at least 4 times to deal with matters relating to the financial year. In addition 2 meetings for the review of the annual financial statements were held. The meeting of 29 May 2015 coincided with the end of term for the former Committee members. Two members from the former Audit Committee Mr. Nzuza and Mr. Christianson continued as ex-officio members of the new Committee until the statutory audit process is finalised.

The new Audit Committee members were appointed with effect from the 30 May 2015 and commenced their first meeting in the new financial year (refer to table 1.1 below) and also serves as the Audit Committee for the Entities.

There is a separate Risk Committee and the Chairperson: Risk Committee, Ms. P. Shabalala continued to be part of the Audit Committee meetings. Similarly one member of the Audit Committee served on the Risk committee.

The Secretarial function for the Committee was performed by the Municipality Secretariat services. The Accounting Officers, Chief Financial Officers and Deputy City Managers attended Committee meetings by invitation. The External and Internal Auditors, City Integrity and Investigations and Enterprise Risk Management Units have unrestricted access to the Audit Committee. The effectiveness of the Audit Committee as a whole and its individual members is assessed on an annual basis.

TABLE 1. SCHEDULE OF AUDIT COMMITTEE MEETINGS RELATING TO THE FINANCIAL YEAR 1 JULY 2014 to 30 JUNE 2015 AND ATTENDANCE THERETO

		MEETINGS ATTENDED									
Members	Qualifications	Appointed	End of office term	Main Audit Committee		Performance Committee		Municipal Entities		Annual Financial Statements (AFS)	
				Scheduled	Attended	Scheduled	Attended	Scheduled	Attended	Scheduled	Attended
Mr. Sipho Nzuza *	B.Com, H Dip (Tax) MBA	27/01/2009	29/05/2015	4	4	4	4	4	4	2	0
Mr. Peter * Christianson	B.Com, CA (SA)	27/01/2009	29/05/2015	4	4	4	4	4	4	2	2
Mr. Rohit Desai	B.Com, MBA, CA (SA)	27/01/2009	29/05/2015	4	2	4	2	4	2	2	0
Mrs. Londiwe Mthembu **	B.Com, Hons, B.Compt	30/05/2015	29/05/2018	4	2	4	2	4	2	2	2
Ms. Bongekile Zulu **	B.Proc Degree	30/05/2015	29/05/2018	4	2	4	2	4	2	2	2
Mr. Daniel Bosch **	B. Compt	30/05/2015	29/05/2018	4	2	4	2	4	2	2	2
Mr. Nala Mhlongo **	CA(SA), CGMA, ACMA, B.Com (Hons)	30/05/2015	29/05/2018	4	2	4	2	4	2	2	2
Mr. Themba Radebe **	B.Com Degree	30/05/2015	29/05/2018	4	2	4	2	4	2	2	2

^{*}attended as ex office members after $29^{\rm th}\,$ May $2015\,$

^{**2} meetings were scheduled post their appointment

STATUTORY DUTIES

In the execution of its statutory duties during the past financial year, the Audit Committee:

- Believes the appointment of the Auditor-General of South Africa (AGSA), complies with the requirements
 of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003)
 (MFMA), the Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA), and Public Audit
 Act of South Africa, 2004 (Act No. 25 of 2004) (PAA);
- Reviewed the fee to be paid to the AGSA, as disclosed in the Annual Financial Statements;
- Considered management reports submitted by the Municipality and Entities to each meeting of the Committee;
- Reviewed the quality, adequacy, accuracy and reliability of financial information;
- Reviewed the Annual Report and Financial Statements;
- Responded to any issues raised by Internal Audit and Auditor General during the year;
- Reviewed factors impacting on the financial sustainability of both the Municipality and Entities; and
- Made quarterly submissions to the Executive Committee (EXCO) and Municipal Public Accounts Committee (MPAC), on any matters which in the opinion of the Committee needed to be brought to the attention of Council.

OVERSIGHT OF RISK AND GOVERNANCE

The Audit Committee has:

- Received assurance from the Risk Committee, Internal Audit, City Integrity and Investigations, Enterprise
 Risk Management, Performance Management, City Treasury and the AGSA and satisfied itself that the
 following areas have been appropriately addressed with respect to the Municipality and the Entities:
 - Internal financial controls;
 - o Compliance requirements;
 - Financial reporting risks;
 - o Fraud Risks as it relates to financial reporting; and
 - IT Governance risks;
 - Legal Matters and
 - The Audit Committee has further satisfied itself that the combined assurance received is appropriate to address the significant risks facing the Municipality.

INTERNAL FINANCIAL CONTROLS

The Audit Committee has:

 Reviewed the adequacy and effectiveness of eThekwini Municipality's systems of Internal Financial Controls and those of the Entities, including receiving assurance reports from Management, the Risk Committee, Internal and External Audit;

- Reviewed significant issues raised by Internal and External Audit processes;
- Reviewed whether the financial systems can be relied upon in the preparation and presentation of financial statement;
- Reviewed policies and procedures adopted for the prevention and detection of fraud;
- Significant legal exposures and pending cases;
- Reviewed significant cases of misconduct or fraud or any other unethical activity by employees of the Municipality and of the Entities; and
- Reviewed residual risks arising from Enterprise Risk Management risk registers and controls implemented to mitigate risk.

Based on the processes and assurances obtained, we believe that the internal financial controls are effective other than residual concerns raised with respect to:

- The use of Section 36 of the Supply Chain Management Regulations (SCM) transactions increased, although a reduction in rand value has been noted. Furthermore, the Audit Committee noted that improvement is required in SCM processes to ensure an efficient, economical, compliant and effective SCM process and contract management.
- Revenue Management System the go live date of 1 June 2014 was not achieved and the system is still not
 fully operational. The risk of the system not achieving full implementation and escalating costs increases
 with every postponement. The potential for significant fruitless and wasteful expenditure also exists
 should the system be unsuccessful.
- The reliance on external consultants to maintain critical computer systems.
- The ongoing water loss and the significant, negative financial impact this has on the Municipality remains a concern and a concerted effort is required from the political and administrative role-players at the Municipality to ensure progress is made in resolving this issue. This is especially pertinent given the current drought conditions the Municipality and Province is facing.
- The Audit Committee highlighted concerns regarding the magnitude, affordability and sustainability of the Integrated Rapid Public Transport Network. The Audit Committee believes that the required capital expenditure and ongoing operating expenditure, combined with the possibility of communities and groupings disrupting implementation of the project, could have a severe negative impact on the cash flow of the Municipality. The Audit Committee would again recommend a thorough review of the project, and effective project management and monitoring during implementation thereof.
- The ability of the Human Settlements Unit to effectively manage large scale housing projects within budget parameters is a cause for concern, given the present staff structure and the absence of a Deputy City Manager to directly oversee this function. It is imperative that the actual expenditure incurred complies with the approved budget, SDBIP and planned cash flow. Should this not be the case, there would be severe deterioration in the Municipality's cash flow.

- The continuing escalation in the cost of providing a post-retirement medical aid benefit creates a significant obligation on the Municipality which is increasing every year. The Audit Committee has recommended a review of the policy so that new employees do not qualify for this benefit.
- The Audit Committee highlighted the need for management to give urgent attention to resolving the question of the operational model to be implemented at Moses Mabhida Stadium.
- Asset management at the Municipality and its Entities is an area that requires concerted efforts of all
 management. Whilst there is an asset management strategy and policy in place there are legacy issues
 related to asset within the Municipality. These issues have been raised by both internal and external
 auditors in the previous financial year but remain unresolved.
- The Municipality has in place various electronic systems to maintain its records, ensuring that reliability and integrity of records requires effective reconciliation of these systems. The Audit Committee has recommended that management pay further attention to this area.

In view of the increased technical capacity within Internal Audit, the Audit Committee believes that quarterly and interim reviews of management accounts must be undertaken including the City and Entities preparing Interim Financial Statements for measurement purposes in pursuance of year-end Compliance requirements.

AUDIT LOG ISSUES RAISED BY THE AUDIT COMMITTEE

The Audit Committee raised a number of issues on the audit tracking schedule for the attention of the City Manager and EXCO. The Audit Committee noted that 56% of the issues raised as at June 2015 including the Mayor's commitment were resolved and 44% are still in progress.

ENTITIES

Based on the processes and assurances obtained, we believe that the internal financial controls are effective other than the following residual concerns and recommendations:

- Five year strategic plans for the Entities should be reviewed and finalised in light of the dynamic changes in the environment, structures and objectives of the Municipality and its Entities. These should be followed through with shareholder compacts to give effect to facilitate efficient and effective operations of Entities.
- ICC Governance The Audit Committee raised a serious concern regarding the possibility of conflicted directors on the Board. The Committee emphasised that the Board should comply with requirements of the Companies Act, together with the recommendations of the King Report on Corporate Governance, when dealing with this issue. Director's independence should be both in fact and appearance. The Audit Committee noted the potential reputational risk to the Durban ICC and the Municipality. The Audit Committee advised that the Board of the Durban ICC should consider developing and implementing a legal framework on managing conflict of interest.
- The position of the Company Secretary at the ICC as recommended was finalised.
- The process for the compilation of the annual financial statements of the entities requires improvement as the Audit Committee is concerned about the significance of changes that it recommended to be effected in the annual financial statements prior to submission to the AGSA.

STATUTORY COMPLIANCE

The Audit Committee

- Reviewed the effectiveness of the system for monitoring compliance with laws and regulations at both the Municipality and Entities.
- Has satisfied itself with the policies and processes implemented to provide the required assurance
- . The Audit Committee noted that the Municipality has developed a new Compliance Framework and Organisational Structure to enhance increased compliance and the establishment of a Compliance function within the Municipality and Entities is a welcomed initiative.
- Made relevant recommendations to ensure compliance where appropriate.

PERFORMANCE INFORMATION AND EVALUATION

The Audit Committee has reviewed performance information provided by both the Municipality and Entities at quarterly meetings throughout the year. Whilst the committee is satisfied with the information provided by the Entities, it is important that the Key Performance Indicators (KPI's) are comprehensive and relevant to ensure that the Municipality is able to effectively measure and monitor the performance of the Entities.

The Audit Committee is cognisant of the challenges faced by the Durban ICC and certain Departments within the Municipality in meeting their KPI's and has recommended to management that their concerns be

addressed, particularly where non-achievement of targets adversely impacts upon service delivery. The achievement of KPI's has been poor throughout the year for Durban ICC with 58% achievement as at 30 June 2015. The performance of individuals and consequence management must be aligned to this achievement. Management attention is required to ensure effective ongoing monitoring during the year.

EXTERNAL AUDIT (AGSA)

The Audit Committee

- Reviewed the scope of the External Audit to ensure the critical areas within the Municipality and Entities are being audited;
- Reviewed the external auditor's report including issues arising out of the external audit and
- On a continuous basis, monitored the continued relationship between AGSA and the Municipality.

Based on processes followed and assurances received from the AGSA, nothing has come to our attention with regard to any matter impacting upon the independence of the External Auditors.

INTERNAL AUDIT

The Audit Committee has:

- Reviewed and approved the Internal Audit Charter;
- Exercised its statutory duty of oversight over the internal audit function;
- Evaluated the independence, effectiveness and performance of the Internal Audit Unit in the fulfilment of its mandate;
- Satisfied itself that the Internal Audit function has the necessary resources, budget and authority within Council to enable it to discharge its duties (including building new capacity of auditing the Built environment);
- Reviewed and Approved the Internal Audit Plan; and
- Encouraged co-operation between External and Internal Audit functions.

The Chief Audit Executive was invited to be present at all Audit Committee deliberations. He presented a summary of the salient findings of all internal audits carried out by his unit for the period. The responses from the Management of the City and Entities to the internal audit findings were reviewed and where necessary corrective action was recommended and implementation monitored.

APPRECIATION:

The Audit Committee relies to a great extent on the Chief Audit Executive and the entire staff for their support and assistance, and for this we would like to thank them.

The Committee would also like to express its gratitude to the Council, Board of Directors, Accounting Officers, and DCM: Treasury, Chief Financial Officers of the Entities and the AGSA for their co-operation and assistance during the year.

Mrs Londiwe Mthembu

Uph Muse

Chairperson: EThekwini Municipality Audit Committee

Date: 10 December 2015

The Audit Committee is constituted in terms of sections 166(2) and 166 (6) (b) of the Municipal Finance Management Act, 56 of 2003 and Section 94 (7) of the Companies Act.

The Audit Committee is an independent advisory body which **must** advise the board of directors, the accounting officer and the management staff of the municipal entity. It advises in matters relating to:-

- Internal financial control;
- Internal Audit;
- Risk Management processes;
- Financial Reporting;
- Performance Management;
- Governance; and
- Any other issues referred by the Municipality or the Entity.

TERMS OF REFERENCE

The Audit Committee has adopted formal terms of reference, *herein after referred to as the Audit Committee Charter*. The Charter is presented at a formal meeting, deliberated upon and recommended for final approval by Council. The Audit Committee has executed its duties in accordance with these terms of reference. The EThekwini Municipality Audit Committee is also the Audit Committee for the EThekwini Municipal entities.

COMPOSITION AND MEETINGS

The meeting of 29 May 2015 coincided with the end of term for the former Committee members. Two members from the former Audit Committee, Mr. Nzuza and Mr. Christianson continued as ex-officio members of the new Committee until the statutory audit process is finalized.

The new Audit Committee members were appointed with effect from 30 May 2015 and attended their first meeting in the new financial year.

The Secretarial function for the Committee was performed by the Municipality Secretariat services.

A separate Risk Committee is in operation and the Chairperson of this committee attends the Audit Committee meetings, similarly one member of the Audit Committee, serves on the Risk Committee.

The Accounting officer, Chief Financial Officer and Deputy City Manager (DCM): Economic Development attend Committee meetings by invitation. The External and Internal Auditors, City Integrity and Investigations and

Enterprise Risk Management Units have unrestricted access to the Audit Committee. The effectiveness of the Audit Committee as a whole and its individual members is assessed on an annual basis.

The Committee consists of the following members:

Members	Qualifications	Appointed	Resigned/Term	Entities ((ICC) Audit
			Expired	Com	mittee
				Scheduled	Attended#
Mr Sipho Nzuza*	B.Com, H Dip (Tax) MBA	27/01/2009	29/05/2015		4
Mr Peter	B.Com, CA (SA)	27/01/2009	29/05/2015		4
Christianson*					
Mr Rohit Desai	B.Com, MBA, CA (SA)	27/01/2009	29/05/2015		2
Mrs Londiwe	B.Com	30/05/2015	Current		2
Mthembu**	Hons B.Compt	, ,	Chairperson		
				4	
Ms Bongekile	B.Proc Degree	30/05/2015	Current Member		2
Zulu**		, ,			
Mr Daniel	B. Compt	30/05/2015	Current Member		2
Bosch**		, ,			
Mr Nala	CA(SA), CGMA,	30/05/2015	Current Member		2
Mhlongo**	ACMA, B.Com				
	(Hons)				
Mr Themba	B.Com Degree	30/05/2015	Current Member		2
Radebe**					

^{*}attended as ex office members after 29 May 2015

^{**2} meetings were scheduled post their appointment

STATUTORY DUTIES

In execution of its statutory duties during the past financial year, the Audit Committee:

- Believes the appointment of the Auditor General of South Africa (AGSA), complies with the requirements of requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA), and Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA);
- Reviewed the fee to be paid to the AGSA, as disclosed in the Annual Financial Statements;
- Seconded a member of the Audit Committee to attend the Entity's Board and Finance Committee Meetings;
- Considered management's reports, submitted to each successive meeting of the Audit Committee;
- Reviewed the quality, adequacy, accuracy and reliability of financial information;
- Reviewed the Annual Report and Financial Statements;
- Responded to any issues raised by Internal Audit and Auditor General during the year;
- Reviewed factors impacting on the financial sustainability of the Entity; and
- Made submissions to the Executive Committee (EXCO) and Municipal Public Accounts Committee (MPAC) on a quarterly basis of any matters which in the opinion of the Audit Committee needed to be brought to the attention of Council.

OVERSIGHT OF RISK AND GOVERNANCE

The Audit Committee has:

- Received assurance from The Risk Committee, Internal Audit, City Integrity and Investigations, Enterprise
 Risk Management, Performance Management, City Treasury and the AGSA and satisfied itself that the
 following areas have been appropriately been addressed,
 - o Internal financial controls;
 - Compliance requirements;
 - Financial reporting risks;
 - Fraud Risks as it related to financial reporting and;
 - IT Governance risks;
 - Legal matters; and
 - The Audit Committee has further satisfied itself that the combined assurance received is appropriate to address the significant risks facing the entity.

INTERNAL FINANCIAL CONTROLS

During its meetings, the Audit Committee has:

- Reviewed the adequacy and effectiveness of the internal control systems;
- Reviewed the entity's approach on its exposure to the business and financial risks and whether processes are in place to safeguard the assets of the organization;
- Reviewed policies and procedures adopted for the prevention and detection of fraud;
- Reviewed significant cases of misconduct or fraud or any other unethical activity by officials within the Entity;
- Reviewed residual risks arising from ERM risk registers and controls implemented to mitigate risk;
- · Reviewed significant legal exposures, and pending cases; and
- Reviewed whether the financial reporting system can be relied upon in the preparation and presentation
 of financial statements.

Except for the areas of concern raised by the committee on the unaudited financial statements submitted to the Auditor General, Based on the processes and assurances obtained, the Committee believes that the DMTP internal financial controls are operating as intended.

The DMTP Board of Directors review performance on a quarterly basis.

STATUTORY COMPLIANCE

The Audit Committee has:

- Noted the appointment of the Company Secretary with effect from 5 February 2015
- Reviewed the effectiveness of the system for monitoring compliance with laws and regulations.
- Has satisfied itself the policies and processes implemented provide the required assurance
- Made relevant recommendations to ensure compliance where appropriate

PERFORMANCE INFORMATION AND EVALUATION

The Audit Committee has reviewed performance information reported by the Entity at quarterly meetings throughout the year. The committee is satisfied with the information reported by the Entity.

EXTERNAL AUDIT (AGSA)

The Audit Committee has:

- Reviewed the External Audit scope to ensure the critical areas within the Entity are being addressed;
- Reviewed the external auditors report and noted issues arising out of the audit
- On a continuous basis, monitored the continued relationship between the AGSA and the entity.

Based on processes followed and assurances received from the AGSA, nothing has come to the attention of the committee with regard to any matter concerning the independence of the External Auditors.

INTERNAL AUDIT

The Audit Committee has:

- Reviewed and approved the Internal Audit Charter;
- Evaluated the independence, effectiveness and performance of the Internal Audit Unit in respect of the fulfilment of its mandate;
- Reviewed and approved the Internal Audit Plan for the year;
- Satisfied itself that the Internal Audit function has the necessary resources, budget and authority within Council to enable it to discharge its duties; and
- Encouraged cooperation between External and Internal audit functions.

The Chief Audit Executive was invited to be present at all Audit Committee deliberations. He presented a summary of the salient findings of all internal audits carried out by his unit for the period. The responses from the Management of the Entity to the internal audit findings were reviewed and where necessary corrective action was recommended and implementation monitored.

FINANCE FUNCTION

The former Chief Financial Officer resigned on subsequent to the resignation of the CFO, the Financial Manager resigned on 5 September 2014 and the General Accountant also resigned on 12 December 2014. The timing of this loss of key financial resources posed a risk to the effectiveness of the finance function. As a result, it was critical that the position of CFO was filled without delay from the date of resignation of the former CFO, to ensure that the expertise, resources and experience of the entity's finance function were not hampered. The CFO consequently commenced duties on 02 January 2015. In this regard the Audit Committee was not satisfied with the quality of the Unaudited Financial Statements for 2014/15 submitted for review during August 2015.

APPRECIATION:

The Audit Committee relies to a great extent on the Chief Audit Executive and the entire internal audit staff for their support and assistance, and for this we would like to thank them.

The Committee would also like to express its gratitude to the DCM: Economic Development, Board of Directors, Accounting Officer, Chief Financial Officer and the AGSA for their cooperation and assistance during the year.

Mrs Londiwe Mthembu

Date: 10 December 2015

V

Chairperson: EThekwini Municipality Audit Committee

REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF ALBERT LUTHULI INTERNATIONAL CONVENTION CENTRE (DURBAN ICC) FOR THE FINANCIAL YEAR ENDED 30 IUNE 2015

The Audit Committee is constituted in terms of sections 166(2) and 166(6) (b) of the Municipal Finance Management Act, 56 of 2003 and Section 94 (7) of the Companies Act, No. 71 of 2008.

The Audit Committee is an independent advisory body which **must** advise the board of directors, the Accounting Officer and the management staff of the municipal entity. It advises in matters relating to:-

- Internal financial control;
- Internal Audit;
- Risk Management processes;
- Financial Reporting;
- Performance Management;
- Governance; and
- Any other issues referred by the Municipality or its Entity.

TERMS OF REFERENCE

The Audit Committee has adopted formal terms of reference, herein after referred to as the Audit Committee Charter. The Audit Committee Charter is presented at a formal meeting, deliberated upon and recommended for final approval by Council and the Board. The Audit Committee has executed its duties in accordance with these terms of reference. The eThekwini Municipality's Audit Committee is also the Audit Committee for the Durban ICC.

COMPOSITION AND MEETINGS

The meeting of 29 May 2015 coincided with the end of term for the former Committee members. Two members from the former Audit Committee, Mr. Nzuza and Mr. Christianson continued as ex-officio members of the new Committee until the statutory audit process is finalised.

The new Audit Committee members were appointed with effect from 30 May 2015 and attended their first meeting in the new financial year.

The Secretarial function for the Audit Committee was performed by the Municipality's Secretariat services.

A separate Risk Committee is in operation and the Chairperson of this committee attended the Audit Committee meetings, similarly one member of the Audit Committee, serves on the Risk Committee.

The Accounting Officer, Chief Financial Officer and Deputy City Manager (DCM): Economic Development attended Committee meetings by invitation. The External and Internal Auditors, City Integrity and Investigations

REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF ALBERT LUTHULI INTERNATIONAL CONVENTION CENTRE (DURBAN ICC) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

and Enterprise Risk Management Units have unrestricted access to the Audit Committee. The effectiveness of the Audit Committee as a whole and its individual members is assessed on an annual basis.

The Committee consists of the following members:-

Members	Qualifications	Appointed	Resigned/Term	Entities	(ICC) Audit
			Expired	Com	mittee
				Scheduled	Attended#
Mr Sipho Nzuza*	B.Com, H Dip (Tax) MBA	27/01/2009	29/05/2015		4
Mr Peter	B.Com, CA (SA)	27/01/2009	29/05/2015		4
Christianson*					
Mr Rohit Desai	B.Com, MBA, CA (SA)	27/01/2009	29/05/2015		2
Mrs Londiwe Mthembu**	B.Com Hons B.Compt	30/05/2015	Current Chairperson	4	2
Ms Bongekile Zulu**	B.Proc Degree	30/05/2015	Current Member		2
Mr Daniel Bosch**	B. Compt	30/05/2015	Current Member		2
Mr Nala Mhlongo**	CA(SA), CGMA, ACMA, B.Com (Hons)	30/05/2015	Current Member		2
Mr Themba Radebe**	B.Com Degree	30/05/2015	Current Member		2

^{*}attended as ex office members after 29 May 2015

^{**2} meetings were scheduled post their appointment

REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF ALBERT LUTHULI INTERNATIONAL CONVENTION CENTRE (DURBAN ICC) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

STATUTORY DUTIES

In execution of its statutory duties during the past financial year, the Audit Committee:

- Believes the appointment of the Auditor-General of South Africa (AGSA), complied with the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA), and Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA);
- Reviewed the fee to be paid to the AGSA, as disclosed in the Annual Financial Statements;
- Seconded a member of the Audit Committee to attend the Durban ICC's Board and Finance Committee Meetings;
- Considered management reports, submitted to each successive meeting of the Audit Committee;
- Reviewed the quality, adequacy, accuracy and reliability of financial information;
- Reviewed the Annual Report and Financial Statements;
- Responded to any issues raised by Internal Audit and AGSA during the year;
- Reviewed factors impacting on the financial sustainability of the Durban ICC; and
- Made submissions to the Executive Committee (EXCO) and Municipal Public Accounts Committee (MPAC) on
 a quarterly basis of any matters which in the opinion of the Audit Committee needed to be brought to the
 attention of Council.

OVERSIGHT OF RISK AND GOVERNANCE

The Audit Committee has:

- Received assurance from The Risk Committee, Internal Audit, City Integrity and Investigations, Enterprise
 Risk Management, Performance Management, City Treasury and the AGSA and satisfied itself that the
 following areas have been appropriately been addressed,
 - Internal financial controls;
 - Compliance requirements;
 - Financial reporting risks;
 - Fraud Risks as it related to financial reporting;
 - o IT Governance risks; and
 - o Legal matters
 - The Audit Committee has further satisfied itself that the combined assurance received is appropriate to address the significant risks facing the entity.

REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF ALBERT LUTHULI INTERNATIONAL CONVENTION CENTRE (DURBAN ICC) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

INTERNAL FINANCIAL CONTROLS

During its meetings, the Audit Committee has:

- Reviewed the adequacy and effectiveness of the internal control systems;
- Reviewed the entity's approach on its exposure to the business and financial risks and whether processes are in place to safeguard the assets of the organisation;
- Reviewed policies and procedures adopted for the prevention and detection of fraud;
- Reviewed significant cases of misconduct or fraud or any other unethical activity by officials within the Durban ICC;
- Reviewed residual risks arising from ERM risk registers and controls implemented to mitigate risk;
- Reviewed significant legal exposures, and pending cases; and
- Reviewed whether the financial reporting system can be relied upon in the preparation and presentation
 of financial statements.

Based on the processes and assurances obtained, the Committee believes that the internal financial controls are effective.

The Durban ICC Board of Directors reviewed performance on a quarterly basis.

STATUTORY COMPLIANCE

The Audit Committee

Reviewed the effectiveness of the system for monitoring compliance with laws and regulations. Whilst the Committee is satisfied with the policies and processes implemented at the Durban ICC, it has recommended the establishment of a formal Compliance function within the Durban ICC which it is in the process of implementing.

Made relevant recommendations to ensure compliance where appropriate

PERFORMANCE INFORMATION AND EVALUATION

The Audit Committee has reviewed performance information reported by the Durban ICC on a quarterly basis throughout the year and is satisfied with the information reported.

REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF ALBERT LUTHULI INTERNATIONAL CONVENTION CENTRE (DURBAN ICC) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

INTERNAL AUDIT

The Audit Committee has:

- Reviewed and approved the Internal Audit Charter;
- Continued to exercise its statutory duty of oversight on the internal audit function
- Evaluated the independence, effectiveness and performance of the Internal Audit Unit in respect of the fulfilment of its mandate;
- Reviewed and approved the Internal Audit Plan for the year;
- Satisfied itself that the Internal Audit function has the necessary resources, budget and authority within Council to enable it to discharge its duties; and
- Encouraged cooperation between External and Internal audit functions.

The Chief Audit Executive was invited to be present at all Audit Committee deliberations. He presented a summary of the salient findings of all internal audits carried out by his unit for the period. The responses from the Management of the Durban ICC to the internal audit findings were reviewed and where necessary corrective action was recommended and implementation monitored.

EXTERNAL AUDIT (AGSA)

The Audit Committee has:

- Reviewed the External Audit scope to ensure the critical areas within the Durban ICC are being addressed;
- Reviewed the external auditors report including issues arising out of the external audit per the management report.
- On a continuous basis, monitored the continued relationship between the AGSA and the entity

Based on processes followed and assurances received from the AGSA, nothing has come to the attention of the Audit Committee with regard to any matter concerning the independence of the External Auditors.

FINANCE FUNCTION

The Committee is satisfied with the expertise and adequacy of resources within the Finance function and noted the appointment of the new Chief Executive Officer on 01 April 2015.

REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF ALBERT LUTHULI INTERNATIONAL CONVENTION CENTRE (DURBAN ICC) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

APPRECIATION:

The Audit Committee relies to a great extent on the Chief Audit Executive and the entire internal audit staff for their support and assistance, and for this we would like to thank them.

The Committee would also like to express its gratitude to the DCM: Economic Development, Board of Directors, Accounting Officer, Chief Financial Officer and the AGSA for their cooperation and assistance during the year.

Mrs Londiwe Mthembu

Chairperson: eThekwini Municipality Audit Committee

Date: 10 December 2015

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APPENDIX E: CAPITAL BUDGET BY CLUSTER

eThekwin	i Municipality									
CAPITAL COMPARATIVES STATEMENT FOR THE PERIOD ENDING 30 JUNE 2015										
SUMMARY BY CLUSTER	-									
	ORIGINAL TOTAL BUDGET 2014/15	ADJUSTED TOTAL BUDGET 2014/15	ACTUAL YTD	% SPENT AGAINST ADJUSTED BUDGET						
	Rm	Rm	Rm	%						
Human Settlement and Infrastructure	4658.862	4289.227	4106.188	95.73%						
Community & Emergency Services	292.759	271.785	194.119	71.42%						
Economic Development & Planning	169.397	139.242	116.639	83.77%						
Finance	180.668	176.386	120.428	68.27%						
Governance & International Relations	30.080	23.766	16.934	71.25%						
Corporate Human Resources	15.700	11.713	8.766	74.84%						
City Manager's Office	265.611	173.372	123.482	71.22%						
GRAND TOTAL	5 613.077	5 085.491	4 686.556	92.16%						

APPENDIX F: CONDITIONAL GRANTS (excluding MIG)

APPENDIX F

			Con	ditional G	rants 2014/15:	excluding MIG
			3011			R' 000
Details	Budget Adjustments Budget Act		Actual	v	ariance	Major conditions applied by donor (continue below if necessary)
		Duuget		Budget	Adjustments Budget	
InfrastructureSkills Development Grant	25 425	27 235	26 925	6%	-1%	This grant is used to equip Engineering graduates in achieving professional registration in water and waste water related skills.
Neighbourhood Development Partnership Grant	33 592	34 255	15 833	-53%	-54%	Approval by the National Treasury of programme and/or project business plans which are in alignment to the NDPG's goals. *The receiving officer must submit a milestone payment schedule with budgets and time frames for project implementation. * Obtain a council resolution striving to achieve measurable outputs
Public Transport Infrastructure and Systems Grant	654 751	754 751	742 064	13%	-2%	The current PTIS grant funds municipal public transport infrastructure and systems in support of integrated networks as defined in the Public Transport Strategy and provided for in the National Land Transport Act. * The allocation of PTIS funds must be aligned with the Integrated Transport Plan and its Integrated Rapid Public Transport Network (IRPTN) components as approved by the relevant municipal council. * Cities are required to establish dedicated project teams with sufficient capacity to implement IRPTN projects. * IRPTN designs must recover all direct operating costs of the contracted operators (excluding vehicle capital costs) from fare revenue. * Cities are required to establish specialist capacity to manage and monitor IRPTN system contracts and operations as well as to plan future expansions of the network and this must be in place in advance of the first IRPTN operator commencing with service provision to the public.

APPENDIX F

Conditional Grants 2014/15: excluding MIG R' 000 Variance **Adjustments Budget** Major conditions applied by donor (continue below if necessary) **Details** Actual **Budget Adjustments Budget Budget** Municipalities must sign a standard incentive agreement with national Department of Public Works (NDPW) to agree to comply with the conditions and obligations of the grant. * Municipalities must report progress on all **Expanded Public** projects for which they are claiming the incentive via NDPW's EPWP 39 673 **Works Programme** 34 154 39 824 16% Management Information System (MIS). This includes reporting beneficiary information. * Municipalities must maintain beneficiary and payroll records as Incentive specified in the audit requirements in the EPWP Incentive manual. * Eligible municipalities must use the EPWP incentive grant received for continuing or expanding job creation programmes Municipality must contractually undertake to account for the allocated funds Integrated on a monthly basis by the 10th of every month, ensure that the designs for National households' connections projects are completed before June of every year in 0% Electrification 15 000 15 000 15 000 order to allow for construction to start shortly after July. And if the external consultant will be used, such consultant must be appointed before the end of Programme May, pass all benefits to end - customers', not utilise the fund for any purpose (Municipal Grant) other than electrification. Implementation of labour intensive methods in accordance with EPWP **Electricity Demand** guidelines on EDSM projects. * Measurements and verification (M&V) system Side Management 10 000 0 11 114 11% 100% to be done by M&V experts in line with Electricity Demand Side Management Grant policy. **Public Transport** The grant is use to provide supplementary operational funding to Network 120 820 120 820 36 111 -70% municipalities operating approved Integrated rapid Public transport Network/ -70% **Integrated Public Transport Network services** Operations

APPENDIX F

Conditional Grants 2014/15: excluding MIG

R' 000

Details	Budget	Adjustments Budget	Actual	Variance		Variance		Major conditions applied by donor (continue below if necessary)
		Duuget		Budget	Adjustments Budget			
Intergrated City Development Grant	52 621	52 621	52 621	0%	0%	The grant is used to provide financial incentive for metropolitan municipalities to integrate and focus their use of available infrastructure investment and regulatory instruments to achieve a more compact urban spatial form.		
Municipal Human Settlement Capacity Grant	52 469	52 469	12 489	-76%	-76%	This grant is used to build capacity in municipalities to deliver and subsidise the operational costs of administering human settlements programme.		
Total	998 832	1 096 975	951 830					

^{*} This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report. Variances are calculated by dividing the difference between actual and original/adjustments budget by the original/adjustments budget.

Where the Budget is Nil against the Actual, the Actual was funded by a Roll-over from the previous year

APPENDIX G: CAPITAL PROGRAMMEBY MAJOR PROJECTS

	Capital Programme by	Project 2014	l/15						
									R' 000
Capital Project	Project No.		Original Budget		Adjusted Budget		ctual	Variance (Act - Adj) %	Variance (Act - OB) %
HOUSING-HOSTELS									
Kwa Mashua	H7001	000	9	000	9	386	37	415%	415%
Umlazi T	H7007	000	6	000	6	267	17	288%	288%
Kranskloof	H7008	000	6	000	6	026	7	117%	117%
HOUSING-INFRASTRUCTURE			45		45				
Lamontville Informal settlement	P5216	000	15	000	15	807	44	299%	299%
Etafuleni Ph 1	P5105	000	10	000	10	804	62	628%	628%
Cornubia Phase 1B-3	P5300	000	10	000	10	414	15	154%	154%
ENGINEERING-ROADS									
Road Rehabilitation	P3965	932	325	942	391	922	448	115%	138%
Bellair Road Upgrade - Phase 2	P4149	000	25	000	15	034	32	214%	128%
Thulani Road (Mabuya)	P4697	600	3	350	7	701	8	118%	242%
STORMWATER									

	Capital Programme by	y Project 2014/15				
						R' 000
Capital Project	Project No.	Original Budget	Adjusted Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Transnet Rail Reserve, Wentworth, Bluff/ABC-Phase 1	P9239	-	27 246	25 627	94%	-
Bluff Road, Bluff/ABC: Bulk s/w upgrade-Phase 2	P9241	_	700 21	16 727	77%	-
Bay of Plenty Pier - severe structural damage	P8330	-	912	990	101%	-
ETHEKWENI TRANSPORT AUTHORITY						
Corridor C3 - PTIS funded	P8528	315 601	515 473	786 580	153%	249%
Bridge City terminal -PTIS funded	P9418	70 000	750 49	_	0%	0%
Cornubia Blvd (Cornubia)	P9706	_	26 011	_	0%	0%
SOLID WASTE						
Fleet - Solid Waste		800 800	800 800	18 162	48%	48%
Buffelsdraai - Cell Phase 2	WBU11	000	000	643	108%	108%
Lovu Landfill Cell Phases and Infrastructure Works	WLO03	000	900	520 7	95%	84%
SANITATION						
Ablution Blocks - In Situ Upgrade	Y6525	250 000	250 000	312 526	125%	125%
Expansion of Phoenix WTW	Y6468	75 000	135 000	136 260	101%	182%
Tongaat central WTW Expansion	Y6972	900 62	31 391	_	0%	0%

Capital Programme by Project 2014/15									
Capital Project	Project No.		Original Budget		Adjusted Budget		ctual	Variance (Act - Adj) %	R' 000 Variance (Act - OB) %
WATER									
Water Flagship Project - Western Aqueduct	X4625	000	300	138	292	146	515	176%	172%
Northern Aquaduct	X4764	870	116	870	116	565	39	34%	34%
Waterloss	X3289	000	65	000	65	414	25	39%	39%
ELECTRICITY									
Prepayment Connection Costs -All Areas	EFA001	000	40	247	50	998	52	105%	132%
Control Centre Buildings		000	50	000	50	054	15	30%	30%
Klaarwater Sub Station Transformers	TM0024	800	40	800	40	321	45	111%	111%
COMMUNITY AND EMERGENCY SERVICES - HEALTH SAFETY & SOCIAL SERVICES									
LIBRARIES									
New Central Library (Library subsidy ringfenced)	N1225	892	20	892	20	897	2	14%	14%
New Central Library (Province Grant)	N1225	500	7	500	7	_		0%	0%
MUSEUMS									
Cato Manor Museum (Council)	N1340	270	30	270	30	352	30	100%	100%

	Variance
	R' 000 Variance (Act - OB) %
6%	26%
7%	57%
6%	154%
5%	0%
)%	100%
1%	6%
)%	0%
96	26% 57% 96% 85% 00% 11%

Capital Programme by Project 2014/15 R' 000											
Capital Project	Project No. Original Budget				_		Adjusted Budget		ctual	Variance (Act - Adj) %	Variance (Act - OB)
FINANCE											
Fleet Replacement & Maintenance		900	26	900	26	518	7	28%	28%		
RMS	T7135	000	52	000	74	269	52	71%	101%		
Durban Energy Office - Electrical	T7124	_		000	14	036	9	65%	0%		
GOVERNANCE & INTERNATIONAL RELATIONS											
Upgrading of Airconditioning	G1001	500	8	700	6	243	6	93%	73%		
Umhlanga Sizakala Centre Upgrades	R1019			500	3	_		0%	0%		
CPAS Blocksum		100	1	100	1	092	2	190%	190%		
CORPORATE & HUMAN RESOURCES											
Upgrade of the Old Canteen Building - Decentralisation of Payroll	10004	200	7	000	3	-		0%	0%		
Building Refurbishment / Upgrade - 7 Meller Road, C&SW/ HR Department	10006	000	3	760	2	117	3	113%	104%		
INFORMATION TECHNOLOGY											
Fibre and Wide area Network	O1018	300	6	000	33	940	29	91%	475%		
Major System Enhancement	O1082	625	14	625	29	884	29	101%	204%		

APPENDIX H: CAPITAL EXPENDITURE

	Capital Expend	liture - New Assets	Programme*	APPENDIX	н		R '000
Description	2013/14		2014/15		Planne	d Capital expendit	ture
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	2 127 446	2 758 101	2 775 200	2 609 781	2 739 826	3 039 253	3 061 927
Infrastructure: Road transport - Total	205 714	30 601	124 584	76 463	176 972	217 448	83 588
Roads, Pavements & Bridges Storm water	205 714	14 401 16 200	108 384 16 200	76 463	123 071 53 901	119 644 97 804	10 688 72 900
Infrastructure: Electricity - Total	282 467	378 972	378 972	196 261	419 055	477 224	487 960
Generation			-				
Transmission & Reticulation Street Lighting	264 371 18 096	369 027 9 945	369 027 9 945	182 845 13 416	416 055 3 000	475 024 2 200	485 760 2 200
Infrastructure: Water - Total	555 131	673 250	673 250	637 208	642 675	706 335	738 828
Dams & Reservoirs Water purification	-	83 280	83 280 –	-	9 540	71 370	108 132
Reticulation	555 131	589 970	589 970	637 208	633 135	634 965	630 696
Infrastructure: Sanitation - Total	788 710	666 050	666 050	565 240	549 225	623 037	688 874
Reticulation	-	338 750	338 750	565 240	32 148	20 746	4 045
Sewerage purification	788 710	327 300	327 300	-	517 077	602 291	684 829

	Capital Expenditure - New Assets Programme* APPENDIX H										
Description	2013/14	3/14 2014/15				R '000 Planned Capital expenditure					
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3				
Infrastructure: Other - Total	295 425	1 009 228	932 344	1 134 609	951 898	1 015 209	1 062 678				
Waste Management	88 384	44 000	36 913	38 403	28 243	45 937	75 800				
Transportation	204 795	835 228	758 563	_	825 955	879 272	986 878				
Gas			_	_							
Other	2 245	130 000	136 868	1 096 206	97 700	90 000	-				
Community - Total	36 633	152 437	169 777	75 282	103 969	96 416	78 125				
Parks & gardens	34		_	1 305							
Sportsfields & stadia	164	875	875	7 941	8 500	9 594	9 292				
Swimming pools		16 964	16 964	_							
Community halls			_	7 263							
Libraries	2 441	45 492	41 636	6 690	-	1 000	2 508				
Recreational facilities			-	5 025							
Fire, safety & emergency		27 469	30 735		60 045	50 418	28 920				
Security and policing			-								
Buses			-								
Clinics	18 066	10 480	10 480	8 553	12 748	1 964	2 866				
Museums & Art Galleries	2 877	15 800	15 800	1 208	2 614	25 600	29 138				
Cemeteries		950	950	-	413	-	1 792				
Social rental housing			_								
Other	13 051	34 407	52 337	37 297	19 649	7 839	3 610				

Table continued next page

	Capital Expend	iture - New Assets	Programme*	н		R '000	
Description	2013/14	2014/15			Planne	d Capital expendi	iture
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3

Table continued from previous page

radic continued from provided page		Capital Expenditur	e - New Assets Progran	nme*			R '000
Description	2013/14		2014/15		Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Heritage assets - Total	5 073	_	_	-	_	_	_
Buildings	5 073	_	_	_	-	-	-
Other	-	-	-	-	-	-	-
Investment properties - Total	_	_	-	_	_	-	_
Housing development							
Other	_	-	-	-	-	-	-
-							
Other assets	396 391	989 727	1 024 435	297 651	271 357	362 680	567 897
General vehicles	83 860	29 600	29 600	11 377	24 422	21 921	70 163

	Capital Expend	iture - New Assets	Programme*	APPENDIX I	н		R '00
Description	2013/14		2014/15		Planned	l Capital expendit	
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Specialised vehicles	120 979	73 024	73 024	37 776	86 552	107 320	90 851
Plant & equipment	72 785	150 120	147 670	49 439	12 646	19 953	69 533
Computers - hardware/equipment		89 260	126 285	6 622	10 147	5 335	9 375
Furniture and other office equipment Abattoirs	1 410	77 107	77 107	-	25 314	41 812	52 385
Markets	470	450	450	361			
Civic Land and Buildings			_	-	5 470	22 095	18 025
Other Buildings		113 646	115 613	_	8 390	10 284	62 432
Other Land	68 581		-	74 167			
Surplus Assets - (Investment or Inventory)			_				
Other	48 306	456 520	454 686	117 909	98 415	133 960	195 133
Agricultural assets	_			_	_	_	_
List sub-class							
Biological assets	_			_	_	_	_
List sub-class							
<u>Intangibles</u>	4 496	2 700	2 700	3 457	2 155	2 257	50
Computers - software & programming Other (list sub-class)	4 496	2 700	2 700	3 457	1 755 400	2 207 50	- 50
Total Capital Expenditure on new assets	2 570 040	3 902 965	3 972 112	2 986 171	3 117 307	3 500 606	3 708 000

	ı		R '000					
Description	2013/14		2014/15			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3	
Specialised vehicles	120 979	73 024	73 024	37 776	86 552	107 320	90 851	
Refuse	104 015	62 800	62 800	22 665	46 590	61 796	50 000	
Fire	16 964	5 724	5 724		18 027	19 040	18 000	
Conservancy		4 500	4 500	15 111	21 935	26 484	22 851	
Ambulances								

^{*} Note: Information for this table may be sourced from MBRR (2009: Table SA34a)

T M.1

	Сар	italExpenditure - 🛚	Upgrade/Renewal Prog	ramme*				
							R '000	
	2013/14		2014/15		Planned Capital expenditure			
Description	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3	
Capital expenditure by Asset Class								
Infrastructure - Total	1 201 557	1 210 657	1 141 370	1 286 004	2 131 839	2 030 202	2 073 150	
Infrastructure: Road transport -Total	791 438	658 820	658 680	784 028	432 965	463 915	486 800	
Roads, Pavements & Bridges Storm water	791 438	608 020 50 800	607 880 50 800	784 028	418 925 14 040	458 915 5 000	473 800 13 000	
Infrastructure: Electricity - Total	127 129	292 427	292 427	281 426	205 967	178 878	188 090	
Generation	_			-				

	Capital Expend	liture - New Assets	Programme*	APPENDIX I	1		R '00
Description	2013/14		2014/15		Planned	d Capital expendit	ure
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Transmission & Reticulation	127 129	292 427	292 427	281 426	205 967	178 878	188 090
Street Lighting	-	-	292 421	-	203 301	170 070	100 030
Infrastructure: Water - Total	96 665	139 500	139 500	165 784	167 050	92 487	70 382
Dams & Reservoirs	-	4 500	4 500	-	10 521	8 828	11 883
Water purification	_		-	-			
Reticulation	96 665	135 000	135 000	165 784	156 529	83 659	58 499
Infrastructure: Sanitation - Total	27 540	25 700	25 700	14 660	6 844	17 215	2 428
Reticulation	-	16 200	16 200	14 660			
Sewerage purification	27 540	9 500	9 500	_	6 844	17 215	2 428
Infrastructure: Other - Total	158 785	94 210	25 063	40 106	1 319 013	1 277 707	1 325 450
Waste Management	_	_		613	9 364	18 539	19 727
Transportation	90 954	94 210	25 063		188 419	150 768	171 038
Gas	5 392						
Other	62 439	-		39 493	1 121 230	1 108 400	1 134 686
<u>Community</u>	55 148	120 598	120 598	114 817	184 725	304 561	495 317
Parks & gardens	15 176	13 437	13 437	9 790	13 999	20 970	24 759
Sportsfields & stadia	1 855	8 519	8 519	4 003	13 413	24 382	52 491
Swimming pools		16 868	16 868		33 641	16 824	23 469
Community halls	2 436	3 129	3 129	4 009	3 199	7 530	21 820
Libraries	7 845	8 970	8 970	4 516	61 721	133 473	286 450
Recreational facilities	1 511		_	19 809			

	Capital Expenditure - New Assets Programme* APPENDIX H R '000										
Description	2013/14		2014/15		Planned Capital expenditure						
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3				
Fire, safety & emergency		18 448	18 448		11 126	3 931	35 020				
Security and policing			_		356	_	_				
Buses			_								
Clinics	7 283	16 000	16 000	13 629	8 310	13 220	2 329				
Museums & Art Galleries	1 398	30 270	30 270	30 530	25 255	65 399	27 410				
Cemeteries		2 107	2 107		3 814	13 359	19 348				
Social rental housing			-	_							
Other	17 644	2 850	2 850	28 531	9 892	5 473	2 221				
Heritage assets	3 199	_	_	-	_	_	_				
Buildings	3 199		-		_	-	_				
Other	_		-	_	-	_	_				

Table continued next page

Table continued from previous page

rubie continueu from previous page	Capital Expenditure - Upgrade/Renewal Programme*									
R '0										
	2013/14		2014/15	Planned Capital expenditure						
Description	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3			
Capital expenditure by Asset Class										
Investment properties	_	-	-	-	-	_	_			

	Capital Expend	Capital Expenditure - New Assets Programme* APPENDIX H R '								
Description	2013/14		2014/15	Planned Capital expenditure						
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3			
Housing development Other										
Other assets	367 510	474 101	436 858	247 295	613 055	599 982	660 634			
General vehicles				222						
Specialised vehicles	36 487	_	-	_	11 000	10 000	15 000			
Plant & equipment	29 113			-	135 627	152 421	205 096			
Computers - hardware/equipment				-						
Furniture and other office equipment	1 100				21 234	7 468	4 000			
Abattoirs				-						
Markets	2 529	2 430	6 070	815						
Civic Land and Buildings	00 770		13 090	_	16 398	8 828	4 949			
Other Buildings Other Land	92 772			9 649	26 096 3 948	4 403 3 496	500 4 000			
Surplus Assets - (Investment or Inventory)										
Other	205 508	471 671	417 698	236 609	398 752	413 365	427 089			
Agricultural assets	_	_		_	_	_				
List sub-class										
Biological assets	_	_		_	_	_	_			
List sub-class										

	Capital Expend	liture - New Assets	Programme*	APPENDIX	Н		R '000
Description	2013/14		2014/15		Planned	ure	
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Intangibles	4 168	2 700	2 610	52 269	_	_	-
Computers - software & programming Other (list sub-class)	4 168	2 700	2 610	52 269 -			
Total Capital Expenditure on renewal of existing assets	1 631 582	1 808 056	1 701 436	1 700 385	2 929 619	2 934 745	3 229 101
Specialised vehicles	36 487	_	-	-	11 000	10 000	15 000
Refuse					1 000	10 000	15 000
Fire Conservancy Ambulances	36 487		-		10 000	-	-

APPENDIX I: REVENUE COLLECTION PERFORMANCE BY VOTE

	Revenue Collection	on Performance by Vote	APPENI	DIX I		
			R' 000			
	2013/14		Current Year 2014/15		2014/1	5 Variance
Vote Description	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 1 - Office of the City Manager	316 072	277 623	175 463	334 799	21%	91%
Vote 2 - Finance	7 688 559	8 773 666	8 829 302	8 343 129	-5%	-6%
Vote 3 - Governance	4 146	2 774	3 104	4 201	51%	35%
Vote 4 - Corporate and Human Resources	11 276	12 860	13 458	12 133	-6%	-10%
Vote 5 - Economic development and planning	234 108	276 846	281 653	221 925	-20%	-21%
Vote 6 - Community and emergency services	163 780	344 014	404 947	271 075	-21%	-33%
Vote 7 - Human settlements and infrastructure	3 599 146	4 549 343	4 289 637	4 245 074	-7%	-1%
Vote 8 - Electricity	10 409 530	11 073 940	10 882 696	11 103 252	0%	2%
Vote 9 - Water	3 526 656	4 075 014	4 234 880	4 225 254	4%	0%
Vote 10 - Formal Housing	113 025	268 177	408 335	407 128	52%	0%
Vote 11 - Markets	89 650	77 456	77 456	92 966	20%	20%
Vote 12 - Aiport	7 345	7 955	7 955	7 496	-6%	-6%
Vote 13 - Chief Albert Luthuli International Centre	162 618	162 328	167 725	171 148	5%	2%
Vote 14 - Ushaka Marine World	183 796	201 120	196 393	212 357	6%	8%
Total Revenue by Vote	26 509 707	30 103 116	29 973 004	29 651 936	-1%	-1%

APPENDIX J: REVENUE COLLECTION PERFORMANCE BY SOURCE

	Revenue Colle	ection Performanc	e by Source			APPENDIX J
			R' 00	0		
Description	2013/14	Current Year 2014/15			2014/15	Variance
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	5 353 594	5 352 283	5 392 883	5 747 115	7%	7%
Property rates - penalties & collection charges	144 180	129 085	129 085	161 999	25%	25%
Service Charges - electricity revenue	9 421 541	10 477 612	10 477 612	10 168 933	-3%	-3%
Service Charges - water revenue	2 294 358	2 879 423	2 962 450	2 614 399	-9%	-12%
Service Charges - sanitation revenue	726 846	776 193	776 193	799 963	3%	3%
Service Charges - refuse revenue	472 127	513 927	513 927	521 774	2%	2%
Service Charges – other	161 863	143 495	143 495	179 407	25%	25%
Rentals of facilities and equipment	532 028	451 237	451 107	560 625	24%	24%
Interest earned – investments	477 911	606 014	641 358	555 686	-8%	-13%
Dividends received	-	_	-	-	0%	0%
Fines	248 511	113 756	113 756	262 262	131%	131%
Licences and permits	29 279	25 094	25 094	40 461	61%	61%
Agency services	12 058	12 744	12 744	10 233	-20%	-20%
Transfers recognised – operational	2 191 385	2 584 010	2 797 089	2 657 499	3%	-5%
Other revenue	2 385 847	2 626 212	2 587 273	2 543 184	-3%	-2%
Gains on disposal of PPE	17 168	34 289	34 289	49 286	44%	44%
Environmental Proctection	_	_	_	_	0%	0%
Total Revenue (excluding capital transfers and contributions)	24 468 696	26 725 374	27 058 355	26 872 826	1%	-1%

	Declaration of Loans and Grants made by the muni	cipality 2014/15		
All Organisation or Person in receipt of Loans*/ Grants * provided by the municipality	Nature of project	Conditions attached to Funding	Value 2014/15 R'000	Total Amount committed over previous and future years
African renaissance	Initiated by the Premier for the purpose of enhancing international co- operation with and on the African Continent and to confirm the Republic of South Africa's commitment to Africa.	Nil	496	0
Durban arts Association	To promote arts with the greater eThekwini area for the benefit of all, as envisaged in Plan Six of the IDP	Council Resolution	1 150	2800
Food Aid program	Food Aid Program is a feeding scheme that feed poverty stricken communities especially in the rural areas and there are 36 Soup Kitchens in various wards within eThekwini.	Nil	27 910	0
	Financial assistance for underprivileged University students	Nil	70	0
	Establishment of LED businesses that will create job opportunities for the surrounding community through the construction of an overall factory in partnership with Johnsons and the Lungisisa Indlela Village . (LIV)	As per Grant agreement	540	Nil
	Assistance to non profit organizations and bodies to undertake their work as defined in their constitution, thereby ultimately improving the quality of life of the people of those communities.	Nil	1 700	0

Declaration of Loans and Grants made by the municipality 2014/15				
All Organisation or Person in receipt of Loans*/ Grants * provided by the municipality	Nature of project	Conditions attached to Funding	Value 2014/15 R'000	Total Amount committed over previous and future years
Grant in Aid- General	To promote arts with the greater eThekwini area for the benefit of all, as envisaged in Plan Six of the IDP	As per MOA	6 398	15450
Grant-in-Aid: Twilanga Old Age Home	The Council pays for the water, electricity & sewerage charges due by the Umhlanga Senior Citizens Association (Twilanga Retirement Village). This is based on a 99-year long lease agreement between the Council and the association. Amount paid is based on monthly consumption(water, electricity and sewerage charges)	The association shall use the leased land for the sole purposes of providing housing, accommodation and facilities for aged persons.	1 055	0
Natal Philharmonic Orchestra	To promote the development of orchestral and other forms of music	As per MOA	6 800	20 400
Natal Society of Arts	To promote the development of orchestral and other forms of music	Lease Agreement	612	0
Playhouse Company	Arts as a catalyst for social cohesion	As per MOA	3 000	9 000
Point precinct Trust	To maintain the public land , including the roadways , public open spaces , sidewalks and promenades within the Point Precinct.	Annual grant per MOA.	2 168	Nil

Declaration of Loans and Grants made by the municipality 2014/15				
All Organisation or Person in receipt of Loans*/ Grants * provided by the municipality	Nature of project	Conditions attached to Funding	Value 2014/15 R'000	Total Amount committed over previous and future years
SAAMBR- Subsidy	To manage the day to day operations of the Marine Park component of uShaka Marine World including marine research and education.	Annual grant per MOA.	56 595	Nil
Sporting bodies- General(Rent)	Payment of Rent on behalf of sporting bodies on properties used for sporting activities.	As per Lease	54 091	0
Stable Theatre	To promote arts with the greater eThekwini area for the benefit of all, as envisaged in Plan Six of the IDP	As per Lease	541	0
Subsidy Enhanced Expenditure	To promote ownership of houses to the public. This serves as a discount when the ownership is being transferred through sale to the public.	Nil	1 701	Nil
Sundry Adhoc Grant	To provide support to organizations and bodies thereby enabling them to undertake actions and services to improve the standard of living of the communities, resulting in an improvement in the quality of life for those communities. These are for individuals and organisations as and when requests are received.	Nil	335	Nil
Tourism: Indaba	Africa's largest travel and trade shows.	Nil	13 495	

	Declaration of Loans and Grants made by the munic	cipality 2014/15	T	Г
All Organisation or Person in receipt of Loans*/ Grants * provided by the municipality	Nature of project	Conditions attached to Funding	Value 2014/15 R'000	Total Amount committed over previous and future years
State Subsidy - Selling	The National Housing Code provides for discount in terms of the Enhanced Extended Discount Benefit Scheme to provide assistance to purchasers to enable them to take ownership of their properties	EEDBS policy from National	1 115	Nil
Total			179 772	47 650

APPENDIX L: MUNICIPAL/ENTITY FUNCTIONS

Municipal/ Entity Functions	APPENDIX L	
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes/No)*	Function Applicable to Entity (Yes/No)
Constitution Schedule 4, Part B functions:		
Air pollution	Yes	No
Building regulations	Yes	No
Child care facilities	No	No
Electricity and gas reticulation	Yes	No
Firefighting services	Yes	No
Local tourism	Yes	Yes Ushaka/ICC
Municipal airports	Yes	No
Municipal planning	Yes	No
Municipal health services	Yes	No
Municipal public transport	Yes	No
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities administer functions specifically assigned to them unthis Constitution or any other law	es to Public Works	No
Pontoons, ferries, jetties, piers and harbours, exclud the regulation of international and national shipping matters related thereto		No
Stormwater management systems in built-up areas	Yes	No
Trading regulations	Yes	No
Water and sanitation services limited to potable wat supply systems and domestic waste-water and sewa disposal systems		No
Continued next page		1

Municipal/ Entity Functions			
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes/No)*	Function Applicable to Entity	
Constitution Schedule 5, Part B functions:			
Beaches and amusement facilities	Yes	Yes -Ushaka	
Billboards and display of advertisements in public places	Yes	No	
Cemeteries, funeral parlours and crematoria	Yes	No	
Cleansing	Yes	No	
Control of public nuisances	Yes	No	
Control of undertakings that sell liquor to the public	Yes	No	
Facilities for the accommodation, care and burial of animals	no	No	
Fencing and fences	Yes(municipal)	No	
Licensing of dogs	No	No	
Licensing and control of undertakings that sell food to the public	Yes	No	
Local amnesties	Yes	No	
Local sport facilities	Yes	No	
Markets	Yes	No	
Municipal abattoirs	No	No	
Municipal parks and recreation	Yes	No	
Municipal roads	Yes	No	
Noise pollution	Yes	No	
Pounds	No	No	
Public places	Yes	No	
Refuse removal, refuse dumps and solid waste disposal	Yes	No	
Street trading	Yes	No	
Street lighting	Yes	No	
Traffic and parking	Yes	No	

VOLUME TWO

ETHEKWINI MUNICIPALITY AND ITS MUNICIPAL ENTITIES CONSOLIDATED ANNUAL FINANCIAL STATEMENTS 2014/15

eThekwini Municipality and its Municipal Entities
Annual Financial statements
for the year ended June 30, 2015

eThekwini Municipality and its Municipal Entities Annual Financial Statements for the year ended June 30, 2015

GENERAL INFORMATION

ACCOUNTING OFFICER

Mr. Sibusiso Sithole

REGISTERED OFFICE

City Hall

Dr. Pixle Kaseme Street

Durban 4000

POSTAL ADDRESS

P O Box 1014

Durban 4000

BANKERS

Standard Bank of SA (Ltd).

P O Box 2511, Durban, 4001

AUDITORS

The Auditor-General

eThekwini Municipality and its Municipal Entities Annual Financial Statements for the year ended June 30, 2015

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Annual Financial Statements for the year ended June 30, 2015

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ABBREVIATIONS			

COID Compensation for Occupational Injuries and Diseases

VAT Value added taxation

DBSA Development Bank of South Africa

GAAP Statements of Generally Accepted Accounting Practice

GRAP Generally Recognised Accounting Practice

PPE Property, plant & Equipment

HDF Housing Development Fund

INK Inanda,Ntuzuma,Kwa Mashu

IMFO Institute of Municipal Finance Officers

DMOSS Durban Metropolitan Open Space System

ME's Municipal Entities

SALGA South African Local Government Authority

MFMA Municipal Finance Management Act

GEPF Government Employees Pension Fund

NJMP Natal Joint Municipal Pension

DOHS Department of Human Settlements

SALA South African Local Authority Pension Fund

Consolidated Annual Financial Statements for the year ended 30 June 2015

Municipal Manager

I am responsible for the preparation of these annual financial statements, which are set out on pages 3 to 109, in terms of Section 126(1) of the Municipal Finance Management Act, Act 56 of 2003 and which I have signed on behalf of the Municipality.

The annual financial statements are prepared in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations guidelines and directives issued by the Accounting Standards Board.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 29 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager

Durban

28 September 2015

Statement of Financial Position as at June 30, 2015

		Grou	р	Municip	
igures in Rand thousand	Note(s)	2015	2014 Restated*	2015	2014 Restated*
ssets					
Current Assets					004.00
nventories	2	420,919	331,793	359,415	284,08
oan to Municipal Entity	3	-	-	226,590	226,59
nvestments	4	5,000,000	3,550,000	5,000,000	3,550,00
Receivables from exchange transactions	5	2,682,424	2,377,320	2,657,177	2,362,61
Receivables from non-exchange transactions	6	238,303	199,760	238,303	199,76
/AT receivable	7	33,997	99,059	36,313	100,36
Consumer debtors	8	3,077,172	2,965,773	3,076,438	2,968,78
Current portion of Long term Receivables	9	10,966	7,139	10,966	7,13
Call Investment Deposits		471,113	2,599,940	265,000	2,405,00
Cash and Bank Balances	10	883,192	1,067,279	821,297	995,99
		12,818,086	13,198,063	12,691,499	13,100,32
Non-Current Assets					222.0
nvestment property	11	314,901	328,723	249,827	260,9
Property, plant and equipment	12	40,803,518	38,043,686	39,816,121	37,014,9
Intangible assets	13	855,475	774,363	853,820	772,6
Heritage assets	14	13,486	13,038	13,486	13,0
Investments in Municipal entities	15	-	-	668,065	583,4
Interest in joint ventures	16	_	-	66,546	61,6
Investments	4	500,000	500,000	500,000	500,0
Deferred Income		5,560	5,734	-	
Long term Receivables	9	84,497	91,704	84,497	91,7
		42,577,437	39,757,248	42,252,362	39,298,4
Total Assets		55,395,523	52,955,311	54,943,861	52,398,7
LIABILITIES					
Current Liabilities					
External Borrowings	17	1,082,774	993,039	991,878	992,2
Payables from exchange transactions	18	5,259,984	5,768,057	5,257,542	5,778,3
Consumer deposits	19	1,712,690	1,533,178	1,693,058	1,511,1
Employee benefit obligation	20	621,111	155,764	621,111	155,7
Unspent conditional grants and receipts	21	1,125,784	1,328,247	1,125,784	1,328,2
Provisions	22	104,927	94,474	98,442	89,8
Bank overdraft	10	687,496	857,562	687,496	857,5
		10,594,766	10,730,321	10,475,311	10,713,2
Non-Current Liabilities	.=	0.040.745	9,376,543	9,249,268	9,255,5
External Borrowings	17	9,249,745		2,353,172	2,659,
Employee benefit obligation	20	2,353,172	2,659,382	800,734	740,0
Provisions	22	800,734	740,699 12,776,624	12,403,174	12,655,
		12,403,651 22,998,417	23,506,945	22,878,485	23,368,
Total Liabilities Net Assets	·	32,397,106	29,448,366	32,065,376	29,029,
1101 7133013			170,764	152,924	170,
	23	152,924	170,704		
Housing development fund Accumulated surplus	23	152,924 32,244,182		31,912,452	

^{*} See Note 41

STATEMENT OF FINANCIAL PERFORMANCE

		Group	·	Municipa	
gures in Rand thousand	Note(s)	2015	2014 Restated*	2015	2014 Restated*
evenue					
levenue from exchange transactions	0.4	4 4 00 4 476	13,076,735	14,322,584	13,112,696
ervice charges	24	14,284,476 560,625	532,028	455,572	437,218
tental of facilities and equipment	25	500,025 524,659	544,028	316,251	326,935
Other income	26	555,686	477,911	537,585	463,358
nterest received	20	49,286	17,168	49,286	17,095
Gains on disposal of assets		15,974,732	14,647,870	15,681,278	14,357,302
otal revenue from exchange transactions		10,574,732	14,0-11,0-10		
Revenue from non-exchange transactions					
Faxation revenue		262,262	248,511	262,262	248,511
Fines	27	5,747,115	5,353,594	5,756,046	5,363,198
Property rates	41	161,999	144,180	161,999	144,180
Property rates - penalties imposed		2,076	706	2,076	70
Donations - PPE		40,461	41,337	40,461	41,33
Licences and permits		,0,10			
Transfer revenue	28	5,436,609	4,232,396	5,436,609	4,232,39
Government grants & subsidies	20	1,968,781	1,822,833	1,968,781	1,822,83
Levies		12,098	17,770	8,975	15,08
Public contributions and donations	34	42,021	196	12,354	6
Fair value adjustments	0-1	3,782	314	3,782	31
Reversal of loss on impairment		-	_	84,631	211,65
Reversal of impairment: Municipal Entities Total revenue from non-exchange transactions		13,677,204	11,861,837	13,737,976	12,080,27
Total revenue	· · · · · · · · · · · · · · · · · · ·	29,651,936	26,509,707	29,419,254	26,437,57
Total revenue			· · · · · · · · · · · · · · · · · · ·		
Expenditure	29	(7,157,526)	(6,893,729)	(7,034,463)	(6,780,56
Employee related costs	30	(100,795)	(94,721)	(100,795)	(94,72
Remuneration of councillors	00	(56,784)	(43,789)	(55,631)	
Amortisation - Intangible assets		(9,236)	•	(9,236)	
Impairment Loss - Investment Properties		(1,859,644)		(1,790,265)	
Depreciation - Property, Plant and Equipment		(8,664)		(8,664)	(11,6
Impairment Loss - Property, Plant and Equipment	31	(950,565)		(953,433)	
Finance costs		(2,079,360)		(2,079,580)	
Debt impairment		(4,551)		(1,860)	
Depreciation - Investment Properties		(2,497,344)		(2,481,429)	
Repairs and maintenance	32	(8,378,618)	(7,839,588)		
Bulk purchases Contracted services		(1,335,989)	(1,345,048)		
Grants and subsidies paid	33	(179,772)	(166,133)		
Housing - Development Expenditure		(3,568)			
Loss on disposal of assets		(668)			
Fair value adjustments	34	_	(9,714)		(9,7
General Expenses	35	(2,075,778			
Total expenditure		(26,698,862			
Operating surplus	40	2,953,074	1,976,600	3,030,436 4,969	·
Share of Income from Joint Venture	16		4 070 000		
Surplus before taxation	40	2,953,074		ა, სან₁40ნ	, <u>.,</u> ,
Taxation	48	4,334			

^{*} See Note 41

Statement of Financial Performance

		Gro	up	Munici	pality
Figures in Rand thousand	Note(s)	2015	2014 Restated*	2015	2014 Restated*
Surplus for the year		2,948,740	1,976,600	3,035,405	2,220,088

STATEMENT OF CHANGES IN NET ASSETS

STATEMENT OF CHANGES IN NEITHER	Housing development fund	Accumulated surplus	Total net assets
Figures in Rand thousand	tutta		
Group			
Opening balance as previously reported	260,454	27,269,230	27,529,684
Adjustments Discourse adjustments (prior to 2013/14)	_	(57,915)	(57,915)
Prior year adjustments (prior to 2013/14)	260,454	27,211,315	27,471,769
Balance at July 01, 2013 as restated* Changes in net assets		, ,	1 007 004
Surplus for the year as previously reported	(00,000)	1,987,004 90,090	1,987,004
Transfer: Housing Development Fund Prior year adjustment (2013/14) - Transfer: Housing Development Fund	(90,090) 400	(400)	-
	(89,690)	2,076,694	1,987,004
Total changes	170,764	29,288,009	29,458,773
Opening balance as previously reported Adjustments	170,704	29,200,003	25,400,110
Prior year adjustments (2013/14)	-	(10,407)	(10,407)
Balance at July 01, 2014 as restated*	170,764	29,277,602	29,448,366
Changes in net assets		2,948,740	2,948,740
Surplus for the year Transfer: Housing Development Fund	(17,840)		
	(17,840)		2,948,740
Total changes Balance at June 30, 2015	152,924	32,244,182	32,397,106
Note(s)			
110(0)			
Municipality	260,454	26,610,197	26,870,651
Opening balance as previously reported Adjustments		. ,	
Prior year adjustments (prior to 2013/14)	_	(60,769	
Balance at July 01, 2013 as restated*	260,454	26,549,428	26,809,882
Changes in net assets		2,230,496	2,230,496
Surplus for the year as previously reported Transfer: Housing Development Fund	(90,090)		• .
Prior year adjustment (2013/14) - Transfer: Housing Development Fund	400	(400	
Total changes	(89,690) 2,320,186	2,230,496
Opening balance as previously reported	170,764	28,869,614	29,040,378
Adjustments		(10,407	(10,407
Prior year adjustments (2013/14)			
Balance at July 01, 2014 as restated*	170,764	28,859,207	23,023,311
Changes in net assets Surplus for the year	-	3,035,405	3,035,405
Transfer: Housing Development Fund	(17,840) 17,840	-
Total changes	(17,840) 3,053,245	
Balance at June 30, 2015	152,924	31,912,452	32,065,376

^{*} See Note 41

Cash Flow Statement

		Group)	Municipa	ality
Figures in Rand thousand	lote(s)	2015	2014 Restated*	2015	2014 Restated*
Cash flows from operating activities					
Receipts		26,444,016	24,632,885	26,348,633	24,522,822
Ratepayers, Government and other		555,686	477,911	537,585	463,358
Interest income		26,999,702	25,110,796	26,886,218	24,986,180
Payments				(0.1.0.10.007)	/40 00E 403\
Employee costs and suppliers		(22,020,346)	(19,213,569)	(21,940,687) (953,433)	(18,995,103) (850,203)
Finance costs	53	(950,565) (4,334)	(857,206)	(953,433)	(650,200)
Taxes on surpluses			(20,070,775)	(22,894,120)	(19,845,306)
		(22,975,245)		3,992,098	5,140,874
Net cash flows from operating activities	36	4,024,457	5,040,021	3,992,090	5,140,074
Cash flows from investing activities					
Purchase of property, plant and equipment	12	(4,632,039)	(4,084,396)	(4,603,084)	(4,062,056)
Proceeds from sale of property, plant and equipment	12	57,734	34,798	57,315	34,678
Purchase of other intangible assets	13	(137,185)	(125,012)	(136,073)	(124,137) (857)
Purchases of heritage assets	14	(482)	(857)	(482) 101	35,000
Decrease in Joint Venture Loan account	15		-		(90,751)
(Increase) / decrease in non-current receivables		2,063	65,832	2,064	
Net cash flows from investing activities		(4,709,909)	(4,109,635)	(4,680,159)	(4,208,123
Cash flows from financing activities					
Proceeds from external borrowings		1,000,000	1,509,589	1,000,000	1,500,000
Repayment of external borrowings		1,007,396	(1,140,027)	(1,006,570)	(1,139,072
Net cash flows from financing activities		(7,396)	369,562	(6,570)	360,928
Net increase/(decrease) in cash and cash		(692,848)	1,299,948	(694,631)	1,293,679
equivalents Cash and cash equivalents at the beginning of the year	г	6,859,657	5,559,709	6,593,432	5,299,753
Contracted Contracted Of the Manual of the James					6,593,432

Figures in Rand thousand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the	Final adjustments I budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget A	Actual outcome	Unauthorised Variance expenditure	·	Actual Actual outcome out as % of as final original budget bu	Actual outcome as % of original budget
Group - 2015		(Salah									
Financial Performance Property rates Service charges Investment revenue	5,481,368 14,790,650 491,385		5,521,968 14,873,678 7 497,232	m m 01 6		5,521,968 14,873,678 497,232 2,797,089	5,909,114 14,284,476 555,686 2,657,499	4 W W W	387,146 (589,202) 58,454 (139,590)	107 % 96 % 112 % 95 %	108 % 97 % 113 % 103 %
Transfers recognised - operational	2,584,010	213,079	_	 n on		3,368,389	3,466,051		97,662	103 %	103 %
Total revenue (excluding capital transfers and	26,725,375	, w		9		27,058,356	26,872,826	9	(185,530)	% 66	% LDL
contributions) Employee costs	(7,353,431)	3,260	(7,350,171)	(1)		(7,350,171)	(7,157,526) (100,795)	6) -	192,645 345	97 % 100 %	97 % 108 %
Kemunerauori or councillors Debt impairment	(569,329) (1,990,225)	_		7) 2)		(570,357) (1,999,072)	(2,079,360) (1,938,879)	- · (6 (0)	(1,509,003) 60,193	365 % 97 %	365 % 97 %
impairment Finance charges Materials and fullk	(1,177,331) (8.522,864)	3		1) 5)	, ,	(1,177,331) (8,681,005)	(950,565) (8,378,618)	(5) (8)	226,766 302,387	81 % 97 %	81 % 98 %
purchases Transfers and grants Other expenditure	(205,214)		75 (192,639) (2) (7,203,677)	(6) (7)	, ,	(192,639)		(2) (7)	12,867	93 %	88 %
Total expenditure	(26,853,285)		(27	12)	•	(27,275,392)	(26,698,862)	52)	391.000	%(08) %	%(08)
Surplus/(Deficit)	(127,910)	(89,126)	26) (217,036)	(9)	•	(217,050)	2				

eThekwini Municipality and its Municipal Entities
Annual Financial Statements for the year ended June 30, 2015

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Figures in Rand thousand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget Actual outcor	Actual outcome	Unauthorised Variance expenditure	Variance	Actual Actual outcome as % of as % of final original budget budget	Actual outcome as % of original budget
Transfers recognised -	3,377,740	(463,091)	2,914,649	6		2,914,649	2,779,110	C	(135,539)	% 36 (6	82 %
capital Surplus (Deficit) after capital transfers and	3,249,830	(552,217)	2,697,613	8		2,697,613	2,98	.	255,461		91 %
Taxation	- 2010 830	(552 247)	7 697.61	. %		2,697,613	2,948,740	0	251,127	% 601 <u>7</u>	91 %
Surplus/(Deficit) for the year		12500)									
Capital expenditure and funds sources	funds sources							E. San Service			ò
Total capital expenditure Sources of capital	(5,711,021)	565,059	(5,145,962)	2)		(5,145,962)	(4,716,504)	4)	429,458	% 76 8	% 20
funds Transfers recognised -	(3,377,740)	463,090	(2,914,650)	(0,		(2,914,650)		(0	135,540		
capital Borrowing Internally generated funds	(1,000,000) (1,333,281)	101,968	(1,000,000) (1,231,313)	(3)		(1,000,000)		4)	293,919		70 %
Total sources of capital	(5,711,021)	565,058	(5,145,963)	(£		(5,145,963)	(4,716,504)	(4)	429,459	0. 70 0. 70	
Tunds											

Figures in Rand thousand	Original budget	Budget Final adjustments adjustr (i.t.o. s.28 and budget s.31 of the MFMA)	nents	Shiffing of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget Actual outcon	Actual outcome	Unauthorised Variance expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Cash Hows									20.020	% 28	% 9 2
Net cash from (used)	5,277,879	(641,203)	4,636,676	"		4,636,676	4,024,457	<u> </u>	(617,219)		
operating	(F F76 732)	699 595	(4.877.137)	(2		(4,877,137)	(4,709,909)	(6)	167,228	% 26 87	84 %
Net cash from (used) investing	(0,010,0)					70 807	(7.396)		(78,293)	33) (10)%	(30)%
Net cash from (used)	24,697	46,200	70,897	_		S S					-
Net increase/(decrease)	(274,156)	104,592	(169,564)	4)		(169,564)	(692,848)	(81	(523,284)	34) 409 %	% 267
in cash and cash equivalents									1 137 100	127 %	127 %
Cash and cash	5,422,458		5,422,458	80	1	5,422,458	6,858,557)(- '. Ot'.		
equivalents at the beginning of the year									913 915	15 117 %	120 %
Cash and cash	5,148,302	104,592	5,252,894	4		5,252,894	6,166,003			١	l l
equivalents at year end											

											•
rigures in Kand mousand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the	Final adjustments budget	Shifting of Virement funds (i.t.o. (i.t.o. cous 31 of the approved MFMA) policy)	ncil	Final budget A	Actual outcome	Unauthorised Variance expenditure	/ariance	Actual outcome as % of final budget	Actual outcome as % of original budget
Municipality - 2015		1		1000							
Financial Performance Property rates Service charges Investment revenue	5,481,368 14,790,650 483,415		~			5,521,968 14,873,678 483,415 2,797,089	5,918,045 14,322,584 537,585 2,657,499		396,077 (551,094) 54,170 (139,590)	107 % 96 % 111 % 95 %	108 % 97 % 111 %
Transfers recognised - operational	2,584,010	0 213,079 4 (4.397)	3.018.087			3,018,087	3,204,431		186,344	106 %	
Total revenue (excluding capital transfers and contributions)	26,361,927	iii				26,694,237	26,640,144		(54,093)	100	5
Employee costs Remuneration of	(7,216,326) (93,026)	(1,571) (8,114)	(7,217,897 (101,140)	. (0		(7,217,897) (101,140)	(7,034,463) (100,795)		183,434 345	4 97 % 5 100 %	97 % 108 %
councillors Debt impairment Depreciation and asset	(569,329) (1,944,925)	(39,462) (5) (1,028)	2) (608,791 8) (1,945,953			(608,791) (1,945,953)	(2,079,580) (1,865,656)		(1,470,789) 80,297	3) 342 % 7 96 %	365 % 96 %
impairment Finance charges Materials and bulk	(1,168,339) (8,522,864)	.9) - .4) (158,141)	- (1,168,339 1) (8,681,005	9) - (5		(1,168,339) (8,681,005)	(953,433) (8,378,618)		214,906 302,387	\$ 82 % 7 97 %	98 %
purchases Transfers and grants Other expenditure	(205,214) (6,736,176)	(4) 12,575 (6) (237,130)	5 (192,639) 0) (6,973,306)	- (9 - (9	1 1	(192,639) (6,973,306)			12,867		88 %
Total expenditure	(26,456,199)	(432,871)	(26	- (0	•	(26,889,070)	(26,		500,252	% 96 % 41291%	-
Surplus/(Deficit)	(94,272)	(100,561)	1) (194,833)	3)		(194,833)	975,162		21,01	-	-

Figures in Rand thousand	Original budget	Budget adjustments (i.t.o. s28 and s31 of the	Final adjustments 1 budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement F (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised Variance expenditure	/ariance	Actual Actual outcome as % of as % of final original budget budget	Actual outcome as % of original budget
Transfers recognised -	3,377,740		1) 2,914,649			2,914,649	2,779,110		(135,539)) 95 %	82 %
Surplus (Deficit) after capital transfers and contributions	3,283,468	3 (563,652)	2) 2,719,816	60		2,719,816	3,030,436		310,620	111 %	92 %
Share of surplus (deficit) of associate						1	(4,969)	9)	(4,969	5	á
Surplus/(Deficit) for the year	3,283,468	8 (563,652)	2) 2,719,816	6		2,719,816	3,035,405		315,589	112 %	% 7.6
Capital expenditure and funds sources	funds source	ø									
Total capital expenditure Sources of capital	(5,613,077)	7) 527,586	(5,085,491)	£		(5,085,491)	(4,686,556)	9)	398,935	92 %	83 %
funds Transfers recognised -	(3,377,740)	0) 463,090	(2,914,650)	(6		(2,914,650)	(2,779,110)	0)	135,540		82 %
capital Borrowing Internally generated	(1,000,000) (1,235,337)	0) - 7) 64,495	- (1,000,000) 35 (1,170,842)	5)		(1,000,000) (1,170,842)	(1,000,000) (907,446)	0)	263,396	_	73 %
Total sources of capital funds	(5,613,077)	7) 527,585	35 (5,085,492)	2)		(5,085,492)	(4,686,556)		398,936	92 %	83 %

Appropriation Statement Figures in Rand thousand

Figures in Rand thousand Or bu	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget Actual outcome	Actual outcome	Unauthorised Variance expenditure		Actual Ac outcome or as % of as final or budget bu	Actual outcome as % of original budget
Cash flows											
Net cash from (used)	5,332,006	(832,208)	4,499,798			4,499,798	3,992,098	8	(507,700)	% 68	75 %
operating Net cash from (used)	(5,578,788)	662,123	(4,916,665)	(6		(4,916,665)	(4,680,159)	(6	236,506	95 %	84 %
investing Net cash from (used)	25,550	46,200	71,750			71,750	(6,570)		(78,320)	%(6)	(26)%
inancing Net increase/(decrease) in cash and cash	(221,232)	(123,885)	(345,117)	(4		(345,117)	(694,631)		(349,514)	201 %	314 %
equivalents Cash and cash	5,380,878		5,380,878			5,380,878	6,593,432		1,212,554	123 %	123 %
beginning of the year Cash and cash equivalents at year end	5,159,646	(123,885)	5,035,761			5,035,761	5,898,801		(863,040)	117 %	114 %

Refer to note 49 for details.

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Entitles are required to apply the Standards of GRAP where the Minister has determined the effective date. The Minister has determined the effective date for the following Standards of GRAP:

- GRAP 1 Presentation of Financial Statements
- GRAP 2 Cash Flow Statements
- GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors
- GRAP 4 the Effects of Changes in Foreign Exchange Rates
- GRAP 5 Borrowing Costs
- GRAP 6 Consolidated and Separate Financial Statements
- GRAP 7 Investments in Associates
- GRAP 8 Investment in Joint Ventures
- **GRAP 9 Revenue from Exchange Transactions**
- GRAP 10 Financial Reporting in Hyperinflationary Economies
- **GRAP 11 Construction Contracts**
- **GRAP 12 Inventories**
- GRAP 13 Leases
- GRAP 14 Events after the Reporting Date
- **GRAP 16 Investment Properties**
- GRAP 17 Property, Plant and Equipment
- GRAP 19 Provisions, Contingent Liabilities and Contingent Assets
- GRAP 21 Impairment of Non-cash-generating Assets
- GRAP 23 Revenue from Non-exchange Transactions (Taxes and Transfers)
- GRAP 24 Presentation of Budget Information in Financial Statements
- **GRAP 25 Employee Benefits**
- GRAP 26 Impairment of Cash-generating Assets
- GRAP 100 Non-current Assets Held for Sale and Discontinued Operations
- **GRAP 101 Agriculture**
- **GRAP 31 Intangible Assets**
- GRAP 103 Heritage Assets
- **GRAP 104 Financial Instruments**

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

Directives issued and effective:

Directive 1: Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP

Directive 2: Transitional Provisions for the Adoption of Standards of GRAP by Public Entities, Municipal Entities and Constitutional Institutions.

Directive 3: Transitional Provisions for the Adoption of Standards of GRAP by High Capacity Municipalities.

Directive 5: Determining the GRAP reporting framework.

Directive 7: The Application of Deemed Cost on the Adoption of Standards of GRAP

Interpretations of the Standards of GRAP

IGRAP 1: Applying the Probability Test on Initial Recognition of Exchange Revenue

Liabilities and Similar Decommissioning, Restoration Existing IGRAP2: Changes in

IGRAP 3: Determining whether an Arrangement contains a Lease

IGRAP 4: Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

IGRAP 5 : Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary **Economies**

: Loyalty Programmes IGRAP 6

: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction IGRAP 7

: Agreements for the Construction of Assets from Exchange Transactions **IGRAP 8**

: Distributions of Non-cash Assets to Owners

IGRAP 10: Assets Received from Customers

IGRAP 13: Operating Leases - Incentives

IGRAP 14. Evaluating the Substance of Transactions Involving the Legal Form of a Lease

IGRAP 15: Revenue - Barter Transactions Involving Advertising Services

IGRAP 16:Intangible Assets - Website Costs

Approved guidelines of Standards of GRAP:

Guide 1: Guideline on Accounting for Public Private Partnerships

Effective IFRS's and IFRIC's that are applied considering the provisions in paragraphs .20 to .26 of the Directive:

IFRS 4 (AC 141) Insurance Contracts

IFRS 6 (AC 143) Exploration for and Evaluation of Mineral Resources

IAS 12 (AC 102) Income Taxes

SIC - 25 (AC 425) Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

SIC - 29 (AC 429) Service Concession Arrangements - Disclosures

IFRIC 12 (AC 445) Service Concession Arrangements

Additional text

Standards of GRAP that an entity may use to disclose information in its financial statements: **GRAP 20 Related Party Disclosures**

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the group.

1.2 Going concern assumption

These annual financial statements have been prepared on a going concern basis.

1.3 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

1.4 Retirement Benefits

1.4.1 Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.4.2 Defined contribution plans

The municipality provides retirement benefits for its employees and councillors. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

The KZN Municipal Pension Fund is a defined contribution fund. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

The Natal Joint Provident Fund, Multi Linked and South African Local Authority are defined contribution funds.

The Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Municipality has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

1.4 Retirement Benefits (continued)

1.4.3 Pension obligations

The municipality and its employees contribute to 8 different Pension Funds, of which 2 (Durban Pension Fund and the KZN Pension Fund) cater for more than 86% of staff.

The Municipality has both defined benefit and defined contribution plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The following are defined benefit funds:
Durban Pension Fund
Government Employee's Pension Fund
SALA
Natal Joint Municipal Pension Fund - Superannuation
Natal Joint Municipal Pension Fund - Retirement

The following are defined contribution funds: KZN Pension Fund Multi Linked

The other fund is a Provident Fund administered by Natal Joint Municipal Pension Fund.

Actuarial valuations are conducted on an interim basis each year with a statutory valuation undertaken every three years. Consideration is given to any extent that could impact the Funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Actuarial gains and losses are recognised in the year that they arise, in the Statement of Financial Performance.

The schemes are funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations.

The liability/asset recognized in the statement of financial position in respect of defined benefit pension plans is equal to the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates, best approximated by reference to market yields at the reporting date on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. Past-service costs are recognised immediately in the statement of financial performance.

Any asset is limited to the net total of the present value of the defined benefit obligation at the reporting date minus the fair value at the reporting date of plan assets plus any liability that may arise as a result of a minimum funding requirement, and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Durban Marine Theme Park (Proprietory)Limited staff are obliged to be members of the Provident Fund which is governed by the Pensions Funds Act of 1956.Contributions are based on a percentage of the payroll and charged to the Statement of Financial Performance in the year to which they relate.

All staff of the I.C.C.Durban (Proprietory) Limited are members of the I.C.C.Pension Fund which is a defined contribution fund

1.4.4 Other post-employment benefit obligations

The municipality provides post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are charged or credited to the statement of financial performance in the year that they arise.

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

1.4 Retirement Benefits (continued)

Multi-Employer Retirement Benefit Plans

The Municipality contributes to Government Employees Pension Fund, Natal Joint Super Annuation and Retirement Funds which are Defined Benefit Funds. The municipality's liability in these funds could not be determined owing to the fact that the assets are not being allocated to each employer and only one set of financial statements are compiled for each fund not per employer. Further details of this plan are included in note 20

1.5 Significant Judgements

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Post Retirement Benefits and Multi-Employer Retirement Benefit Plans

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The Municipality determines the appropriate discount rate at the end of each year using the actuarial valuation. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Municipality considers the interest rates that are best approximated by reference to market yields at the reporting date on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 20. The Municipality contributes to Natal Joint Super Annuation and Retirement Funds which are Defined Benefit Funds. The municipality's liability in these funds could not be determined owing to the fact that the assets are not being allocated to each employer and only one set of financial statements are compiled for each fund not per employer. Further details of this plan is included in note 20

Provision for impairment of trade receivables

The provision for impairment is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow based on past recovery trends.

Non-cash generating and cash generating Impairment testing

Management used the fair value less cost to sell to determine the recoverable amount of intangible assets with an indefinite useful life and identifying assets that may have been impaired.

All assets owned/recognised by the municipality are held for the provision of basic services and are considered to be non-cash generating assets

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 22 - Provisions.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

A provision is recognised when:

- the municipality has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle
 the obligation; and
- · a reliable estimate can be made of the amount of the obligation.

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

1.6 Investment property

Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Derecognition and Impairment

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognised in the Statement of Financial Performance in the period of the retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up shall be recognised in the Statement of Financial Performance when the compensation becomes receivable.

The Municipality tests for impairment where there is an indication that a property may be impaired. An assessment of whether there is an indication of possible impairment is done during each reporting period. Where the carrying amount of an item of an investment property is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Subsequent Measurement

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses. Transfers to or from investment property are made only when there is a change in use.

Depreciation

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Item Property - land Property - buildings Useful life indefinite 10-80 years

1.7 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, to meet service delivery objectives, rental to others, or for administrative purposes, and are expected to be used during more than one period.

Initial Recognition

Property, plant and equipment is initially measured at cost.

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

1.7 Property, plant and equipment (continued)

Where an asset is acquired for no consideration (i.e. through a non-exchange transaction), its cost is deemed to be equal to its fair value as at date of acquisition.

Subsequent Measurement

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Land is not depreciated as it is deemed to have an indefinate useful life.

Depreciation and Impairment

Depreciation is calculated on cost , using the straight- line method over the estimated useful lives of the assets. Depreciation is calculated as soon as the asset becomes available for its intended use. When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The annual depreciation rates are based on the following estmated useful lives of items of property, plant and equipment:

Item		Average useful life
	structure	20-80 years
•	Rivers and Coastal Engineering	20-80 years
•	Roads and Motorways	20 vears
•	Economic Development	10-80 years
•	Traffic Equipment	20-80 years
•	Stormwater Drainage	15-80 years
•	Airport Infrastructure	
•	Solid Waste	3-30 years 20-80 years
•	Water and Sanitation	-
•	Major Substations: Buildings	30-50 years
•	Transformers and Related Equipment	30-45 years
•	Mains	30-55 years
•	Street Lighting	20-30 years
•	Conventional and Prepaid Metering	15-25 years
	nmunity	00.00
•	Buildings	20-80 years
•	Recreational Facilities	10-80 years
Oth	er property, plant and equipment	00.00
•	Buildings	20-80 years
•	Markets and Informal Markets	15-30 years
•	Fire Engines	20 years
•	Landfill Sites	3-30 years
•	Car Parks	15 years
•	Fencing	20 years
•	Lifys	20 years
•	Building Improvements and structures	3-10 years
	Heavy and Mobile Plant	7-10 years
•	Furniture and fitting	2-20 years
•	Vehicles	3-11 years
•	Bins and containers	5 years
•	Security Systems	5-15 years
•	Office Equipment	5-7 years
•	Air conditioning	5-15 years
	Public Address Systems	15 years
ė	Turnstiles	15 years
•	Electrical	20 years
•	Mechanical	20 years
•	Hostels	20-80 years
	Library Books	5-10 years
•	Other Items of Plant and Equipment	3-5 years
•	Biological Assets	50-85 years
-	Digiodice a sport	•

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

1.7 Property, plant and equipment (continued)

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

All property, plant and equipment are considered to have a nil residual value

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting period.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

The Municipality has an obligation to rehabilitate its landfill sites in terms of its licence stipulations. Provision is made for this obligation in accordance with the Municipality's accounting policy on non-current provisions see Accounting Policy on Provisions 1.25

1.8 Standards, amendments to standards and interpretations issued but not yet effective

GRAP 18: Segment Reporting - issued March 2005:

Compliance with this standard would have had an effect on the presentation only. Financial information would have been reported by segments. The disclosure of this information will assist users of the financial statements to better understand the entity's past performance and to identify the resources allocated to support the major activities of the entity.

GRAP 20: Related Party Disclosures-issued June 2011:

Compliance with this standard would have had an effect on the presentation only. Related party transactions have been disclosed in accordance with IPSAS 20.

GRAP 105: Transfer of functions between entities under common control - issued November 2010: Compliance with this standard will not have an impact on the current financial information as no transactions relating to the transfer of functions between entities under common control exists in the current year.

GRAP 106: Transfer of functions between entities not under common control - issued November 2010:

Compliance with this standard will not have an impact on the current financial information as no transactions relating to the transfer of functions between entities not under common control exists in the current year.

GRAP 107: Mergers - issued November 2010:

Compliance with this standard will not have an impact on the current financial information as no transactions relating to mergers exists in the current year.

GRAP32:Service Concession Arrangements:Grantor - Issued August 2013: Compliance with this standard will not have an impact on the current financial information as no transactions relating to service concession arrangements exist in the current year

GRAP 108:Statutory Receivables -issued September 2013

Compliance with this standard would have had an effect on presentation and disclosure only.GRAP 108 requires separate disclosure of statutory receivables together with additional disclosure on measurement basis and criteria.

1.9 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

1.9 Intangible assets (continued)

Intangible assets are initially recognised at cost and comprise of software and servitudes

Computer software is capitalised to computer equipment where it forms an integral part of computer equipment.

Servitudes are classified as intangible assets. Servitudes are rights that are not amortised as they have an indefinate useful life

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e.through a non-exchange transaction), the cost is deemed to be equal to its fair value at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- · there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the
- the expenditure attributable to the asset during its development can be measured reliably.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write down the intangible assets, on a straight line basis, over their useful lives as follows:

Item Computer software Useful life 2-20 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance. The municipality tests intangible assets with finite useful lives for impairment where there is an indication of possible impairment, which is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net proceeds and the carrying value and is recognised in the Statement of Financial Performance

1.10 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Initial Recognition

A heritage asset that qualifies for recognition as an asset is measured at its cost and any costs directly attributable to bringing the heritage asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where a heritage asset is acquired through a non-exchange transaction, its deemed cost is to be measured at its fair values as at the date of acquisition. If at Initial recognition, the Municipality cannot reliably measure its cost, the relevant and useful information about the heritage asset is disclosed in the notes to the financial statements.

Subsequent measurement

Subsequent to initial recognition, heritage assets are measured at cost less accumulated impairment losses le cost model.

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

1.10 Heritage assets (continued)

Depreciation and Impairment

Heritage assets are not depreciated but assessed at each reporting date whether there is an indication that it may be impaired.

Derecognition

Heritage assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use or disposal of the asset. The gain or loss arising on the disposal or retirement of a heritage asset is recognised in the Statement of Financial Performance.

1.11 Investments in Municipal entities

Group annual financial statements

The group annual financial statements include those of the municipality and its Municipal entities. The revenue and expenses of the Municipal entities are included from the effective date of acquisition.

On acquisition the group recognises the Municipal entity's identifiable assets, liabilities and contingent liabilities at fair value, except for assets classified as held-for-sale, which are recognised at fair value less costs to sell.

Municipality annual financial statements

Investments in municipal entities are carried at cost less any accumulated impairment.

Investments in municipal entities under the ownership control of the Municipality are carried at cost. Separate consolidated financial statements are prepared to account for the Municipality's share of net assets and post acquisition results of these investments.

The municipality assesses at each reporting date whether there is any indication that an investment in municipal entities may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the investment in municipal entities.

The recoverable amount of an investment in municipal entities is the higher of its fair value less costs to sell and its value in use.

A reversal of an impairment loss of investments in municipal entities carried at cost is recognised immediately in the Statement of Financial Performance.

1.12 Interest in joint ventures

Group annual financial statements

An interest in a joint venture is accounted for using the proportionate consolidation method, except when the asset is classified as held-for-sale. Under the proportionate consolidation method the group's share of each of the assets, liabilities, revenue and expenses of the investment is combined line by line with similar items in the group annual financial statements. The use of proportionate consolidation is discontinued from the date on which it ceases to have joint control over a jointly controlled entity.

Municipality annual financial statements

An investment in a joint venture is carried at cost less any accumulated impairment.

The municipality's share of profits or losses, resulting from operations of the joint venture, is recognised on the accrual basis and is capitalised to the cost of the investment.

The municipality assesses at each reporting date whether there is any indication that an investment in a joint venture may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the investment in a joint venture.

The recoverable amount of an investment in a joint venture is the higher of its fair value less costs to sell and its value in use

A reversal of an impairment loss of investments in a joint venture carried at cost is recognised immediately in the Statement of Financial Performance.

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

1.13 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Initial recognition

Financial instruments are initially recognised at fair value. In the case of a financial instrument not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial instrument are added to the fair value.

Financial Instruments are categorised according to their nature as either financial instruments at fair value, held at amortised cost, or held at cost. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

1.13 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

Loans to (from) municipal entities

These include loans to municipal entities and recognised at fair value plus any transaction costs and subsequently measured at cost.

An impairment loss is recognised in the Statement of Financial Performance when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Receivables from Exchange transactions

Trade Receivables are initially recognised at fair value plus any transaction costs and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of debtors is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the debtors. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Impairment losses are recognised in the Statement of Financial Performance.

An estimate is made for doubtful debts based on the categorisation of debts and a review of past trends in collection rates applied to all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified in the Statement of Financial Performance.

Payables from Exchange Transactions

Trade payables are initially measured at fair value plus any transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

These are initially and subsequently recorded at fair value.

For cash flow purposes cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments, and bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

Borrowings and other financial liabilities

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of financial performance over the period of the borrowings using the effective interest method.

Long term borrowings are non-derivative financial loans and the Municipality does not hold financial loans for trading purposes. Long term borrowings are utilised solely for funding capital projects and the book value is disclosed at amortised cost.

Other financial liabilities are carried at amortised cost.

Loans and receivables

Loans and receivables are measured initially and subsequently at fair value, gains and losses arising from changes in fair value are included in the Statement of Financial Performance for the period.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

1.13 Financial instruments (continued)

Fixed and Negotiable Deposits

Fixed and negotiable deposits are non-derivative financial assets with fixed or determinable payments and fixed maturities that the municipality will hold to maturity.

Fixed and negotiable deposits are initially and subsequently measured at fair value which in the case of investments that have an original maturity date of less than 12 months equates the cost. Fixed and negotiable deposits held for greater than 12 months are fair valued annually and the difference recognised in the statement of financial performance.

On disposal of Fixed and negotiable deposits, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

1.14 Tax

Deferred tax assets and liabilities

Deferred Income Tax with respect to Municipal Entities, is provided in full using the liability method,on temporary differences arising between the tax basis of asset and liabilities and their carrying amounts in the financial statements. Current tax rates are used to determine deferred income tax.

A deferred tax asset is recognised to the extent that it is probable that the future taxable profit will be available against which temporary differences will be utilised.

Tax expenses

The Municipality is exempted from tax in terms of section 10(1)(a) of the Income Tax Act.

1.15 Long Service Awards

Provision for long service awards represents the present value of the estimated future cash outflows to be made by the Municipality resulting from employee services provided up to Statement of Financial position date. The provision comprises amounts that the Municipality has a present obligation to pay resulting from employees services provided up to Statement of Financial position date.

1.16 Leases

Operating leases - The Municipality as lessor

Assets leased to third parties under operating leases are included in investment properties and property, plant and equipment in the statement of financial position.

They are depreciated over their expected useful lives on a basis consistent with similar owned investment properties and property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised over the lease term.

Operating leases - The Municipality as lessee

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of financial performance on a straight-line basis over the period of the lease.

1.17 Inventories

Initial Recognition

Inventories are initially recognized at cost. Cost generally refers to the purchase price, plus taxes (other than those subsequently recovered from the taxing authorities), transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

1.17 Inventories (continued)

Subsequent Measurement

Net realisable value is the estimated selling price in the ordinary course of operations.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Consumable stores, maintenance materials and water stock are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average method.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

1.18 Impairment of cash-generating assets

The Municipality classifies all assets held with the primary objective of generating a commercial return as cash generating assets.

The municipality assesses at each reporting date, or more frequently where events or changes in circumstances indicate that an asset may be impaired. When such an indication exists, the municipality determines the recoverable amount of the asset.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. A cash generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return.

Impairment loss of a cash-generating unit is allocated to decrease the carrying amount of the assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. After allocating the impairment loss, the carrying amount should be the highest of, its fair value less cost to sell; or value in use; or zero.

Reversal of an impairment loss for a group of assets / cash-generating unit should be allocated to the cash-generating assets of the unit, pro rata with the carrying amount of those assets.

If the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired and is recognised immediately in the Statement of Financial Performance.

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

1.19 Impairment of non-cash-generating assets

Non-cash-generating assets are those assets held by the municipality without an intention of generating a commercial return and held primarily for service delivery purposes. The Municipality classifies all assets held with the primary objective of generating a commercial return as cash generating assets.

The municipality will apply its judgment and disclose the criteria used in making such judgment in cases where it's not clear whether the primary objective is to generate a commercial return. The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality determines the recoverable service amount of the asset. The recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

If the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired and is recognised immediately in the Statement of Financial Performance.

An impairment loss is when the asset's carrying amount exceeds its recoverable service amount and is recognised in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance. The increase in the carrying amount of an asset due to the reversal of an impairment loss should not exceed what the carrying amount would have been if no impairment loss had been recognised.

Intangible assets with indefinite useful lives and not yet available for use, are tested for impairment annually, irrespective of whether any indication of impairment exists.

1.20 Grants, Transfers and Donations

Income received from conditional grants, donations and subsidies is recognised to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised and funds are invested until utilised.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder, it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

Grants and receipts of a revenue nature: Income is transferred as revenue to the Statement of Financial Performance to the extent that the criteria, conditions or obligations have been met.

1.21 Budget Information

An approved budget is the anticipated revenue and expenditure expected to apply in the annual or multiyear period based on current plans and approved by the Municipal Council. The Final Budget is the approved budget adjusted for transfers, allocations, supplemental appropriations and other changes applicable to the budget period. The budget has been included in the Annual Financial Statements in accordance with the disclosure recommendations determined by National Treasury.

The budget has been included in the Annual Financial Statements in accordance with GRAP 24. The municipality presents a comparison of budget and actual amounts as a Statement of comparative and actual information.

The Appropriation Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

Comparative information is not required.

1.22 Related Parties

Parties are considered to be related if one party directly or indirectly has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or is a member of the key management of the municipality / entity. Refer note 40 - Related Parties.

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

1.23 Commitments

A capital commitment is a binding agreement to undertake capital expenditure at some set time in the future which has not yet become an actual liability.

An operating commitment is a binding agreement to undertake operating expenditure at some set time in the future which has not yet become an actual liability.

1.24 Post-reporting date events

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date);
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The Municipality will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The Municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.25 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present or constructive obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the obligation.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate.

Where the effect is material, non-current provisions are discounted to their present value using a prevailing prime rate at year end which reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability, if any (for example in the case of obligations for the rehabilitation of land). The municipality uses the prevailing prime rate at year end.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 39.

1.26 Revenue

Revenue comprises of the consideration received or receivable for the sale of goods and services in the ordinary course of the Municipality's activities. Revenue is shown net of value added tax, estimated returns, rebates and discounts and after eliminated revenue within departments of the Municipality.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- · The Municipality has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor
 effective control over the goods sold;
- · The amount of revenue can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the Municipality;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is recognised as follows:

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

1.26 Revenue (continued)

1.26.1 Revenue from exchange transactions

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to another entity in exchange.

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Bulk electricity meters are read monthly.

Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property based on category of property and the property value.

Service charges from sewerage and sanitation are based on water consumption and are levied monthly.

Interest and rentals are recognised on a time proportion basis.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportion basis.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met. Where public contributions have been received but the municipality has not met the condition, a liability is recognised. Durban Marine Theme Park (Proprietary) limited recognises revenue from parking fees and sales immediately upon

receipt.
All other revenue is recognised as it accrues.

1.26.2 Revenue from non-exchange transactions

This refers to transactions where the municipality received revenue from another entity without giving approximately equal value in exchange.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount and the effective interest rate applicable.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised bases on management's best estimate of the probable inflows.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, at the fair value of the consideration received or receivable.

Contributed property, plant and equipment is recognised when ownership of the items of property, plant and equipment is transferred to the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

1.27 Borrowing costs

2015 : Borrowing costs recognised as an expense in Statement of Financial Performance in the period in which they incurred.

2014: Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Municipality ceases the capitalisation of borrowing costs when substanially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

1.27 Borrowing costs (continued)

The change in accounting policy is as a result of an amendment to GRAP 5 which is effective from the current financial reporting year.

In accordance with GRAP 5 paragraph 36, borrowing costs, incurred before and after the effective date of this amendment and the related qualifying assets for which the commencement date for capitalisation is prior to the effective date of this standard, shall be recognised in accordance with the entity's previous accounting policy.

1.28 Translation of foreign currencies

Foreign currency transactions

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

1.29 Comparatives information

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.27.1 Current year comparatives

Budgeted amounts have been included in an annexure to these financial statements for the current financial year only.

1.27.2 Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.30 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. Where unauthorised expenditure is not approved, upon the finalisation of an investigation, it is recovered from the responsible person and the amount received is accounted for as revenue in the Statement of Financial Performance.

1.31 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. If the expenditure is not condoned by the relevant authority upon the finalisation of an investigation, it is accounted for as a current asset in the Statement of Financial Position until such time as the expenditure is recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

1.32 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority upon the finalisation of an investigation, it is treated as a current asset until it is recovered or written off as irrecoverable in the Statement of Financial Performance.

Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

	Group)	Municip	ality
ures in Rand thousand	2015	2014	2015	2014
Inventories				
Unsold Proprties held for re-sale	55,553	42,381	-	_
Food and beverages	2,405	2,001	-	-
Consumable stores	347,708	273,482	346,703	272,383
Maintenance materials	72	36	72	36
Water	12,640	11,665	12,640	11,665
Other	2,541	2,228	· -	
	420,919	331,793	359,415	284,084

The cost of inventories recognised as an expense during the period in respect of water sales was R1 662m (2014; R1 520m).

3. Loan to municipal entity

Controlled entity

ICC Durban (Proprietary) Limited	-	-	226,590	226,590

This loan is unsecured, interest free and has no fixed date of repayment. The shareholder has not requested repayment of the loan since cash and cash equivalents of the entity have been allocated to capital expenditure for the next 4 years such that the entity maintains an acceptable standard within the world conferencing environment.

4. Investments

Designated at fair value Fixed deposit	5,500,000	4,050,000	5,500,000	4,050,000
Non-current assets Fixed Deposit	500,000	500,000	500,000	500,000
Current assets Fixed Deposit	5,000,000	3,550,000	5,000,000	3,550,000

Investments are non-derivative financial assets and are classified at fair value and are held to maturity. Investments will mature within two to four months, therefore cost equates fair value. The Municipality does not hold its investments for trading purpose. Management determines the classification of its investments at the time of acquisition and reevaluates such declaration on an annual basis. Investments held for less than 12 months are recognised at cost. Investments with maturities greater than 12 months are recognised at fair value.

5. Receivables from exchange transactions

	2,682,424	2,377,320	2,657,177	2,362,614
Accruals	163,814	96,224	163,814	96,224
Fair value adjustments	(871)	(1,669)	(871)	(1,669)
Debtor - DOHS	3,389,687	2,474,940	3,389,687	2,474,940
Other Debtors (mainly in respect of sundry services and interest on outstanding debt)	2, 100,045	1,004,015	2,100,011	1,0-10,020
	2.185.849	1.554.873	2,163,671	1,543,025
Provision for Bad Debts - DOHS	(2,018,471)	(1,235,543)	(2.018,471)	(1,235,543)
debt) Prepayments	40,458	40,768	37,389	37,910
Provision for Bad debts - Other (mainly in respect of Sundry services and interest on outstanding	(1,078,042)	(552,273)	(1,078,042)	(552,273)

Notes to the Annual Financial Statements

	Group	1	Municipa	ality
res in Rand thousand	2015	2014	2015	2014
Receivables from non-exchange transactions				
Fines	1,191,515	998,798	1,191,515	998,79
Provision for Bad Debts - Traffic Fines	(953,212)	(799,038)	(953,212)	(799,03
	238,303	199,760	238,303	199,76
VAT				
VAT reconciliation				
VAT payable	(2,316)	(2,046)	26 242	100,36
VAT receivable	36,313	101,105	36,313	
Net Vat	33,997	99,059	36,313	100,36
Municipality: VAT is payable on the receipts basis. Only once payment	nt is received from de	btors is VAT pa	aid over to SARS	S.
Consumer debtors				
Gross balances			0.045.477	0.407.0
Rates	2,315,477	2,187,308	2,315,477	2,187,30
Electricity	1,350,460	1,173,232	1,350,460	1,173,2
Water	1,479,077	1,241,446	1,482,316	1,244,8
Refuse	120,439	103,890 3,765	120,439 3,765	103,89 3,70
Business service levies	3,765 64,790	55,350	64,790	55,3
Housing rental Waste water	251,215	208,452	251,215	208,4
ICC Debtors	4,630	1,291	-	200,
	5,589,853	4,974,734	5,588,462	4,976,8
Logo: Allowones for impairment				
Less: Allowance for impairment	(961.000)	(823,622)	(961,000)	(823,6
Rates	(961,000) (195,907)	(823,622) (171,158)	(961,000) (195,907)	
	(961,000) (195,907) (1,081,604)	(823,622) (171,158) (801,232)		(171,1) (801,2)
Rates Electricity	(195,907)	(171,158) (801,232) (65,708)	(195,907) (1,081,604) (80,130)	(171,1) (801,2) (65,7)
Rates Electricity Water	(195,907) (1,081,604) (80,130) (3,765)	(171,158) (801,232) (65,708) (3,765)	(195,907) (1,081,604) (80,130) (3,765)	(171,1) (801,2) (65,7) (3,7)
Rates Electricity Water Refuse	(195,907) (1,081,604) (80,130) (3,765) (56,813)	(171,158) (801,232) (65,708) (3,765) (44,182)	(195,907) (1,081,604) (80,130) (3,765) (56,813)	(171,1 (801,2 (65,7 (3,7) (44,1
Rates Electricity Water Refuse Business service levies Housing rental Waste water	(195,907) (1,081,604) (80,130) (3,765) (56,813) (132,805)	(171,158) (801,232) (65,708) (3,765) (44,182) (98,411)	(195,907) (1,081,604) (80,130) (3,765)	(171,19 (801,29 (65,79 (3,79 (44,19
Rates Electricity Water Refuse Business service levies Housing rental	(195,907) (1,081,604) (80,130) (3,765) (56,813) (132,805) (657)	(171,158) (801,232) (65,708) (3,765) (44,182) (98,411) (883)	(195,907) (1,081,604) (80,130) (3,765) (56,813) (132,805)	(171,1) (801,2) (65,7) (3,7) (44,1) (98,4)
Rates Electricity Water Refuse Business service levies Housing rental Waste water	(195,907) (1,081,604) (80,130) (3,765) (56,813) (132,805)	(171,158) (801,232) (65,708) (3,765) (44,182) (98,411)	(195,907) (1,081,604) (80,130) (3,765) (56,813)	(171,1) (801,2) (65,7) (3,7) (44,1) (98,4)
Rates Electricity Water Refuse Business service levies Housing rental Waste water ICC Debtors	(195,907) (1,081,604) (80,130) (3,765) (56,813) (132,805) (657) (2,512,681)	(171,158) (801,232) (65,708) (3,765) (44,182) (98,411) (883) (2,008,961)	(195,907) (1,081,604) (80,130) (3,765) (56,813) (132,805) - (2,512,024)	(171,1: (801,2: (65,7: (3,7: (44,1: (98,4:
Rates Electricity Water Refuse Business service levies Housing rental Waste water ICC Debtors Net balance Rates	(195,907) (1,081,604) (80,130) (3,765) (56,813) (132,805) (657) (2,512,681)	(171,158) (801,232) (65,708) (3,765) (44,182) (98,411) (883) (2,008,961)	(195,907) (1,081,604) (80,130) (3,765) (56,813) (132,805) - (2,512,024)	(171,1: (801,2: (65,7: (3,7: (44,1: (98,4: (2,008,0: 1,363,6:
Rates Electricity Water Refuse Business service levies Housing rental Waste water ICC Debtors Net balance Rates Electricity	(195,907) (1,081,604) (80,130) (3,765) (56,813) (132,805) (657) (2,512,681)	(171,158) (801,232) (65,708) (3,765) (44,182) (98,411) (883) (2,008,961)	(195,907) (1,081,604) (80,130) (3,765) (56,813) (132,805) - (2,512,024) 1,354,477 1,154,553	(171,1): (801,2): (65,7): (3,7): (44,1): (98,4): (2,008,0): 1,363,6 1,002,0
Rates Electricity Water Refuse Business service levies Housing rental Waste water ICC Debtors Net balance Rates Electricity Water	(195,907) (1,081,604) (80,130) (3,765) (56,813) (132,805) (657) (2,512,681) 1,354,477 1,154,553 397,473	(171,158) (801,232) (65,708) (3,765) (44,182) (98,411) (883) (2,008,961) 1,363,686 1,002,074 440,214	(195,907) (1,081,604) (80,130) (3,765) (56,813) (132,805) - (2,512,024) 1,354,477 1,154,553 400,712	(171,1! (801,2: (65,7! (3,7! (44,1! (98,4) (2,008,0) 1,363,6 1,002,0 443,6
Rates Electricity Water Refuse Business service levies Housing rental Waste water ICC Debtors Net balance Rates Electricity Water Refuse	(195,907) (1,081,604) (80,130) (3,765) (56,813) (132,805) (657) (2,512,681) 1,354,477 1,154,553 397,473 40,309	(171,158) (801,232) (65,708) (3,765) (44,182) (98,411) (883) (2,008,961) 1,363,686 1,002,074 440,214 38,182	(195,907) (1,081,604) (80,130) (3,765) (56,813) (132,805) - (2,512,024) 1,354,477 1,154,553 400,712 40,309	(171,15 (801,25 (65,70 (3,76 (44,15 (98,4* (2,008,05 1,363,66 1,002,0* 443,65 38,15
Rates Electricity Water Refuse Business service levies Housing rental Waste water ICC Debtors Net balance Rates Electricity Water Refuse Housing rental	(195,907) (1,081,604) (80,130) (3,765) (56,813) (132,805) (657) (2,512,681) 1,354,477 1,154,553 397,473 40,309 7,977	(171,158) (801,232) (65,708) (3,765) (44,182) (98,411) (883) (2,008,961) 1,363,686 1,002,074 440,214 38,182 11,168	(195,907) (1,081,604) (80,130) (3,765) (56,813) (132,805) - (2,512,024) 1,354,477 1,154,553 400,712 40,309 7,977	(171,15 (801,23 (65,70 (3,76 (44,18 (98,4* (2,008,07 1,363,68 1,002,07 443,63 38,18 11,16
Rates Electricity Water Refuse Business service levies Housing rental Waste water ICC Debtors Net balance Rates Electricity Water Refuse	(195,907) (1,081,604) (80,130) (3,765) (56,813) (132,805) (657) (2,512,681) 1,354,477 1,154,553 397,473 40,309	(171,158) (801,232) (65,708) (3,765) (44,182) (98,411) (883) (2,008,961) 1,363,686 1,002,074 440,214 38,182	(195,907) (1,081,604) (80,130) (3,765) (56,813) (132,805) - (2,512,024) 1,354,477 1,154,553 400,712 40,309	(823,62 (171,15 (801,23 (65,70 (3,76 (44,15 (98,41 (2,008,07 1,363,68 1,002,07 443,63 38,16 11,16 110,04

Notes to the Annual Financial Statements

	Group)	Municipa	ality
es in Rand thousand	2015	2014	2015	2014
Consumer debtors (continued)				
Included in above is receivables from				
exchange transactions				
Electricity	1,154,553	1,002,074	1,154,553	1,002,07
Water	397,473	440,214	400,712	443,63
Waste water	118,410	110,041	118,410	110,04
Refuse	40,309	38,182	40,309	38,18
Housing rental	7,977	11,168	7,977	11,16
ICC Debtors	2,920	408	· <u>-</u>	
	1,721,642	1,602,087	1,721,961	1,605,0
Included in above is receivables from non- exchange transactions (taxes and transfers)				
Rates	1,354,477	1,363,686	1,354,477	1,363,6
Rates	1,004,411	1,000,000	7,00 1, 11 1	.,,.
Net balance	3,076,119	2,965,773	3,076,438	2,968,7
Rates	364,512	479,034	364,512	380,3
Current (0 -30 days)		65,263	63,404	65,2
31 - 60 days	63,404			81,0
61 - 90 days	46,182	81,033	46,182	40,9
91 - 120 days	40,554	28,933	40,554	
121 - 365 days	1,540,640	1,387,798	1,540,640	1,387,7 231,9
> 365 days	260,185	145,247	260,185	
	2,315,477	2,187,308	2,315,477	2,187,3
Electricity, Water, Solid Waste and Waste				
Water				
Current (0 -30 days)	1,216,835	1,127,237	1,220,074	1,130,6
31 - 60 days	263,958	195,059	263,958	195,0
61 - 90 days	79,530	72,590	79,530	72,5
91 - 120 days	72,923	57,609	72,923	57,6
> 365 days	1,567,945	1,274,525	1,567,945	1,274,
	3,201,191	2,727,020	3,204,430	2,730,4
Regional services levies > 365 days	3,765	3,765	3,765	3,7
2 303 days	3,100		<u>-1</u>	
Housing rental		207	7 440	,
Current (0 -30 days)	7,416	387	7,416	4
31 - 60 days	1,146	1,182	1,146	1,
61 - 90 days	1,240	1,222	1,240	1,2
91 - 120 days	1,218	1,195	1,218	1,
121 - 365 days	53,770	51,364	53,770	51,3
	64,790	55,350	64,790	55,3
100 Patrice				
I.C.C. Debtors	23	822	_	
Current (0 -30 days)		61	- -	
31 - 60 days	3,079	408	-	
91 - 120 days	1,528			
	4,630	1,291		

Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

		Grou	р	Municip	ality
11	res in Rand thousand	2015	2014	2015	2014
	Consumer debtors (continued)				
	Reconciliation of allowance for impairment				
	Balance at beginning of the year	(2,008,961)	(1,987,634)	(2,008,078)	(1,985,507
	Contributions to allowance	(615,041)	(555,359)	(615,257)	(554,980
	Debt impairment written off against allowance	111,321	534,032	111,311	532,409
		(2,512,681)	(2,008,961)	(2,512,024)	(2,008,07
	Long-term receivables				
	Loan:DIDT	156,583	156,583	156,583	156,583
	Housing Selling scheme loans	126,864	128,042	126,864	128,04
	First Metro Housing Loans	13,077	14,114	13,077	14,11
	Land sales	2,101	1,514	2,101	1,51
	Education Loans	17,211	17,647	17,211	17,64
	Debt Impairment: DIDT	(156,583)	(156,583)	(156,583)	(156,58
	Debt Impairment:Housing Selling scheme loans	(63,790)	(62,474)	(63,790)	(62,47
		95,463	98,843	95,463	98,84
	Less: Current portion transferred to current receivables				
	Housing Selling scheme loans	5.119	3.337	5,119	3,33
	First Metro Housing Loans	1,147	1,038	1,147	1,03
	Land sales	2,101	1,514	2,101	1,51
	Education Loans	2,599	1,250	2,599	1,25
		10,966	7,139	10,966	7,13
	Long-term receivables - Non-current portion	84,497	91,704	84,497	91,70
	Long-term receivables - Current portion	10,966	7,139	10,966	7,13

Education Loans

These loans relate to students who are studying full-time at Universities in the Engineering disciplines. The cost covers tuition fees, books and subsistence. On successful completion of the course the students are, in terms of contractual obligations, employed by the Municipality. A pro-rate share of these costs are then written back as operating costs in annual instalments equal to the number of years studied. These loans (bursaries) are interest free.

Housing selling scheme loans

Housing loans are granted to qualifying individuals in terms of the provincial administration housing programme. These loans attract interest in terms of the State Directives and Guidelines and are repayable over 20 years.

Housing First Metro Ioan

These loans attract interest at a fixed rate of 10% and are repayable over 20 years.

Notes to the Annual Financial Statements

	Group)	Municipa	ality
gures in Rand thousand	2015	2014	2015	2014
). Cash and Bank Balances				
Refer to note 47 for details on Bank accounts and balances.				
Cash and cash equivalents consist of:				
Cash on hand Bank balances	19,707 863,485	18,932 1,048,347	18,364 802,933	18,364 977,630
Bank balances and cash Bank overdraft	883,192 (687,496)	1,067,279 (857,562)	821,297 (687,496)	995,994 (857,562
Call Investment Deposits Investments	195,696 471,113 5,500,000	209,717 2,599,940 4,050,000	133,801 265,000 5,500,000	138,432 2,405,000 4,050,000
Cash and Cash Equivalents	6,166,809	6,859,657	5,898,801	6,593,432

11. Investment property						
Group		2015			2014	
250.50	Cost		Carrying value	Cost		Carrying value
		depreciation and			and	
		accumulated impairment			accumulated impairment	
Revenue Generating	193,264	(69,571) (9,236)	123,693 191,208	193,264 200,479	(65,020)	128,244 200,479
Notice vende Ceneraling Total	393,708	(78,807)	314,901	393,743	(65,020)	328,723
	uddi.					
Minicipality		2015			2014	
	Cost	ated tion	Carrying value	Cost	ion	Carrying value
		and accumulated impairment			and accumulated impairment	
Revenue Generating	102,554	(43,935)	58,619 191.208	102,554	(42,075)	60,479 200,479
Non-revenue Generating Total	302,998	(53,171)	249,827	303,033	(42,075)	260,958
Reconciliation of investment property - Group - 2015						
		Opening	Disposals	Impairments	Depreciation	Total
Revenue Generating		balance 128,244 200,479	- (35)	(9,236)	(4,551)	123,693 191,208
		328,723	(35)	(9,236)	(4,551)	314,901

Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

11. Investment property (continued)					
Reconciliation of investment property - Group - 2014					
	Opening	Disposals	Transfers	Depreciation	Total
Revenue Generating Non-revenue Generating	balance 119,786 208,724	(35) (8,245)	13,037	(4,544)	128,244 200,479
	328,510	(8,280)	13,037	(4,544)	328,723
Reconciliation of investment property - Municipality - 2015					
	Opening	Disposals	Impairments	Depreciation	Total
Revenue Generating	balance 60,479	•	•	(1,860)	58,619
Non-revenue Generating	200,479	(32)	(9,236)	1	191,208
	260,958	(35)	(9,236)	(1,860)	249,827
Reconciliation of investment property - Municipality - 2014					
	Opening	Disposals	Transfers	Depreciation	Total
Revenue Generating Non-revenue Generating	balance 49,315 208,724	(29) (8,245)	13,037	(1,844)	60,479 200,479
	258,039	(8,274)	13,037	(1,844)	260,958

Municipality

The fair value of the above properties is R3.5billion (2014 R3.3billion). Investment properties have been valued in accordance with current market conditions. The Municipality lets properties under operating leases. Property rental income earned during the year was R81.6million. The operating costs related to the rental of these properties amounted to R18.3million.

Notes to the Annual Financial Statements

		Group	Munic	pipality
Figures in Rand thousand	2015	2014	2015	2014

11. Investment property (continued)

Group

Durban Marine Theme Park (Pty) Ltd: Investment property comprises the Village Walk retail shopping mall from which rental income is derived. The original cost of this property including land was approximately R69 million. The directors fair value thereof is R136 million based on a valuation method of net rental return, capitalised at a fair market rate of return of 12%.

Notes to the Annual Financial Statements

Figures in Rand thousand

12. Property, plant and equipment

Group		2015			2014	
	Cost		Carrying value	Cost	Accumulated Carrying value depreciation and	arrying value
		accumulated impairment			accumulated impairment	
Land and Buildings	7,924,340	(1,341,628)	6,582,712	6,333,499	(829,291)	5,504,208
Infrastructure	35,218,407	(7,714,921)	27,503,486 3,948,409	32,281,039 4 684 541	(5,749,622) (739,083)	3,945,458
Community Calcut and community	7.334.108	(4.628.791)	2,705,317	6,926,956	(3,929,343)	2,997,613
Other property, plant and equipment. Housing Development Fund	129,784	(66,190)	63,594	130,531	(65,341)	65,190
Total	55,417,118	(14,613,600)	40,803,518	50,356,566	(12,312,880)	38,043,686
N. Serial and St. J. J.		2015			2014	
Municipality		1			C 7-4-1	Ordon Society
	Cost	Accumulated C depreciation	Carrying value	Cost	Accumulated carrying value depreciation	arrying value
		and			and	
		accumulated			accumulated	
		impairment			impairment	
Land Cultilians	6 583.473	(911.673)	5,671,800	5,329,976	(781,374)	4,548,602
Latin and Dullulige	35,218,407	(7,714,921)	27,503,486	32,258,930	(6,727,713)	25,531,217
This as trained to the state of	4,810,479	(862,070)	3,948,409	4,684,561	(739,103)	3,945,458
Other property plant and equipment	7,103,647	(4,474,815)	2,628,832	6,832,512	(3,908,010)	2,924,502
Outer property, prant and equipment Housing Development Fund	129,784	(66,190)	63,594	130,531	(65,341)	65,190
Total	53,845,790	(14,029,669)	39,816,121	49,236,510	(12,221,541)	37,014,969

2. Property, plant and equipment (continued) Opening balance balan	Figures in Rand thousand								
ling Additions Disposals Transfers Work in Loguess Depreciation Impairment loss 14,208 241,737 (40) 60 1,011,151 (174,404) - loss 14,208 241,737 (40) 60 1,011,151 (174,404) - loss 15,458 73,956 - 62,936 (2,329) (2,329) (2,758) 17,01 (172) - 61,982 (25,991) (600,481) 205 15,458 170 (172) - 73,46,163 (1,859,644) (4,882) 13,686 2,287,952 (9,071) (686) 2,346,163 (1,859,644) (4,882) 13,684 400,761 (14) (13,726) 554,167 (159,564) (1,311) 10,691 38,047 (14) (13,726) 553,897 (186,5918) (1,311) 10,751 636,138 (9,445) 252 (26,582) (566,636) (5,865) 10,702,430 (11,311) (11,311) (11,311) (11,311)	12. Property, plant and equipment (continued)								
241,737 (40) 60 1,911,151 (174,404) 14,208 241,737 (40) 60 1,911,151 (174,404) 15,458 73,956 - 173,956 - 173,956 - 173,957 (1763) (25,991) (600,481) 205 175,190 (172) - 17,1309,021 (962,936) (2,758) (2,758) (2,758) (2,758) (2,758) (2,758) (2,758) (2,758) (2,758) (1,594) (1,594) (1,594) (1,594) (1,594) (1,594) (1,594) (1,594) (1,594) (1,394) (1,311)		Opening	Additions	Disposals	Transfers	Work in	Depreciation	Impairment loss	Total
11,217 1,629,279 (783) 17 1,309,021 (962,936) (2,329) (2,329) (5,458	l and and Buildings	5.504.208	241.737	(40)	09	1,011,151	(174,404)		6,582,712
15,458 73,956 - - 51,982 (120,229) (2,758) 37,613 342,810 (8,076) (763) (25,991) (600,481) 205 15,190 170 (172) - (1,594) - 205 13,686 2,287,952 (9,071) (686) 2,346,163 (1,859,644) (4,882) 13,686 2,287,952 (9,071) (686) 2,346,163 (1,859,644) (4,882) 11 1,896 32 1,3726 551,167 (159,564) (1,311) 15,584 400,761 (14) (13,726) 551,167 (159,564) (1,311) 15,581 38,047 - 248 32,389 (118,782) (5,865) 16,325 649 (254) - - (1,530) - 16,325 649 (254) - - (1,530) (5,865) 16,325 649 (254) - - (1,530) - 11,10,371 </td <td>Infrastructure</td> <td>25.531.217</td> <td>1,629,279</td> <td>(783)</td> <td>17</td> <td>1,309,021</td> <td>(962,936)</td> <td>(2,329)</td> <td>27,503,486</td>	Infrastructure	25.531.217	1,629,279	(783)	17	1,309,021	(962,936)	(2,329)	27,503,486
3.5,190 342,810 (8,076) (763) (25,991) (600,481) 205 13,686 2,287,952 (9,071) (686) 2,346,163 (1,859,644) (4,882) 13,686 2,287,952 (9,071) (686) 2,346,163 (1,859,644) (4,882) 1	Comminity	3 945 458	73,956	,	•	51,982	(120,229)	(2,758)	3,948,409
13,686 2,287,952 (9,071) (686) 2,346,163 (1,859,644) (4,882) 13,686 2,287,952 (9,071) (686) 2,346,163 (1,859,644) (4,882) 14 15,686 400,761 (14) (13,726) 551,167 (159,564) (1,311) 15,816 1,898,832 (99) - 553,897 (855,918) (1,311) 15,816 1,898,832 (99) - 248 32,389 (118,782) (4,135) 15,816 1,898,832 (9,445) 252 (26,582) (566,636) (5,865) 16,825 649 (254) - (13,226) (1,10,871 (1,702,430) (11,311)	Other property injant and equipment	2 997 613	342.810	(8.076)	(763)	(25,991)	(600,481)	205	2,705,317
13,686 2,287,952 (9,071) (686) 2,346,163 (1,859,644) (4,882) Ing Additions Disposals Transfers Work in Progress Depreciation Impairment loss 55,84 400,761 (14) (13,726) 551,167 (159,564) 55,816 1,898,832 (99) - 553,897 (855,918) (1,311) 77,691 38,047 - 248 32,389 (118,782) (4,135) 86,325 649 (254) - (1,530) (5,865) 86,325 649 (254) - (1,530) - 85,167 252 (26,582) (566,636) (5,865) 86,325 649 (254) - (1,530) 85,167 252 252 (1,530) (1,530) 85,167 252 252 (1,530) - 85,167 252 252 252 252 85,167 252 252 252 252	Housing Development Fund	65,190	170	(172)	` 1		(1,594)	•	63,594
ing Additions Disposals Transfers Work in Depreciation Impairment loss loss loss loss loss loss loss los		38,043,686	2,287,952	(9,071)	(989)	2,346,163	(1,859,644)	(4,882)	40,803,518
ing Additions Disposals Transfers Work in Progress Depreciation Impairment loss loss 15,584 400,761 (14) (13,726) 551,167 (159,564) - 1311 15,816 1,898,832 (99) - 248 32,389 (118,782) (1,311) 17,691 38,047 - 248 32,389 (118,782) (4,135) 18,751 636,138 (9,445) 252 (26,582) (566,636) (5,865) 16,325 649 (254) - (1,530) - (1,530) - (1,530) - (1,530) 16,325 1,110,871 1,110,871 (1,702,430) (11,311)	Reconciliation of property, plant and equipment - G	oup - 2014							
Opening balance balance 53,935,84 Additions Additions Disposals Transfers Transfers Progress Work in Pepreciation Impairment loss loss 4,725,584 400,761 (14) (13,726) 551,167 (159,564) - 1,311 23,935,816 1,898,832 (99) - 248 32,389 (118,782) (1,311) 3,997,691 38,047 - 248 32,389 (118,782) (4,135) 2,969,751 636,138 (9,445) 252 (26,582) (566,636) (5,865) 66,325 649 (254) - (1,530) - (1,530) - (1,530) - (1,530) 35,695,167 2,974,427 (9,812) (13,226) 1,110,871 (1,702,430) (11,311)									
balance 4,725,584 400,761 (14) (13,726) 551,167 (159,564) 23,935,816 1,898,832 (99) 553,897 (855,918) (1,311) 2,997,691 83,047 2,969,751 636,138 (9,445) 252 (26,582) (566,636) (5,865) 66,325 649 (254) - (1,530) 35,695,167 2,974,427 (9,812) (13,226) 1,110,871 (1,702,430) (11,311)		Opening	Additions	Disposals	Transfers	Work in	Depreciation	Impairment	Total
4,725,584 400,761 (14) (13,726) 551,167 (159,564) - 23,935,816 1,898,832 (99) - 553,897 (855,918) (1,311) 3,997,691 38,047 - 248 32,389 (118,782) (4,135) 2,969,751 636,138 (9,445) 252 (26,582) (566,636) (5,865) 66,325 649 (254) - (1,530) - 35,695,167 2,974,427 (9,812) (13,226) 1,110,871 (1,702,430) (11,311)		balance				Progress		SSO	1
23,935,816 1,898,832 (99) - 553,897 (855,918) (1,311) 3,997,691 38,047 - 248 32,389 (118,782) (4,135) 2,969,751 636,138 (9,445) 252 (26,582) (566,636) (5,865) 66,325 649 (254) - (1,530) - 35,695,167 2,974,427 (9,812) (13,226) 1,110,871 (1,702,430) (11,311)	Land and Buildings	4,725,584	400,761	(14)	(13,726)	551,167	(159,564)	•	5,504,208
3,997,691 38,047 – 248 32,389 (118,782) (4,135) (4,135) (2,969,751 636,138 (9,445) 252 (26,582) (566,636) (5,865) (5,865) (66,325 66,325 649 (254) – (1,530) – (1,530) – (1,530) (11,311)	Infrastructure	23,935,816	1.898.832	(66)	t	553,897	(855,918)	(1,311)	25,531,217
2596,751 636,138 (9,445) 252 (26,582) (566,636) (5,865) (5,865) (6,325 649 (254) - (1,530) - (1,530) - (1,530) (11,311)	Community	3,997,691	38.047	` 1	248	32,389	(118,782)	(4,135)	3,945,458
66,325 649 (254) - (1,530) - (1,530) - 35,695,167 2,974,427 (9,812) (13,226) 1,110,871 (1,702,430) (11,311)	Other property plant and equipment	2,969,751	636,138	(9,445)	252	(26,582)	(566,636)	(5,865)	2,997,613
35,695,167 2,974,427 (9,812) (13,226) 1,110,871 (1,702,430) (11,311)	Housing Development Fund	66,325	649	(254)	r		(1,530)	•	65,190
		35,695,167	2,974,427	(9,812)	(13,226)	1,110,871	(1,702,430)	(11,311)	38,043,686

Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

Figures in Rand thousand	

12. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Municipality - 2015

	Opening balance	Additions	Disposals	Transfers	Work in Progress	Depreciation	Impairment loss	Total
Land and Buildings	4,548,602	240,629	(40)	09	1,011,151	_	•	5,671,800
Infrastructure	25,531,217	1,629,279	(783)	17	1,309,021	_	(2,329)	27,503,486
Community	3,945,458	73,956		•	51,982	_	(2,758)	3,948,409
Other property, plant and equipment	2,924,502	314,658	(7,182)	(761)	(25,686)	(576,904)	205	2,628,832
Housing Development Fund	65,190	170	(172)	` ı			1	63,594
	37,014,969	2,258,692	(8,177)	(684)	2,346,468	(1,790,265)	(4,882)	39,816,121
The state of the s								

Reconciliation of property, plant and equipment - Municipality - 2014

	Opening	Additions	Disposals	Transfers	Work in	Depreciation	Impairment loss	Total
Land and Buildings Infracture	3,726,746	397,835	(2)	(13,726)	551,167	(113,418)	(1311)	4,548,602
Community	3.997.691	38,047	(25)	248	32,389	(118,782)	(4,135)	3,945,458
Other property, plant and equipment	2,893,042	616,292	(8,958)	252	(26,278)	(543,983)	(5,865)	2,924,502
Housing Development Fund	66,325	649	(254)	•	ŧ	(1,530)	1	65,190
	34,619,620	2,951,655	(9,313)	(13,226)	1,111,175	(1,633,631)	(11,311)	37,014,969

Included in Property, Plant and Equipment above are items that are still in use and that have a historical cost of R410m (2014 R363m) but are fully depreciated. This amount is made up as follows: Landfill (Disposal sites) - R282million; PPE fully impaired - R128million.

Intangible assets Group			2015			2014	
		Cost	Accumulated (amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Servitudes Computer software		50,107 1,114,561	(309,193)	50,107 805,368	48,435 979,494	(253,566)	48,435 725,928
Total		1,164,668	(309,193)	855,475	1,027,929	(253,566)	774,363
Municipality			2015			2014	
		Cost	Accumulated (amortisation and accumulated impairment	Carrying value	Cost	Accumulated Carrying value amortisation and accumulated impairment	Carrying valu
Servitudes Computer software		50,107 1,106,772	(303,059)	50,107 803,713	48,435 972,945	(248,713)	48,435 724,232
Total		1,156,879	(303,059)	853,820	1,021,380	(248,713)	772,667
Reconciliation of intangible assets - Group - 2015	Opening	Additions	Disposals	Transfers	Work in	Amortisation	Total
Servitudes Computer software	balance 48,435 725,928	1,672 84,595	- (8)	719	Progress - 50,918	(56,784)	50,107 805,368
	774.363	86.267	(8)	719	50,918	(56,784)	855,475

Figures in Rand thousand							
13. Intangible assets (continued)							
Reconciliation of intangible assets - Group - 2014							
		Opening	Additions	Transfers	Work in	Amortisation	Total
Servitudes Computer software		balance 48,362 644,780	73	(2)	Progress 34,375	(43,789)	48,435 725,928
		693,142	90,637	(2)	34,375	(43,789)	774,363
Reconciliation of intangible assets - Municipality - 2015							
	Opening	Additions	Disposals	Transfers	Work in	Amortisation	Total
Servitudes	48,435	1,672	1	• () 	1 1	50,107
Computer software	724,232	83,483	(8)	719	50,918	(55,631)	803,713
	772,667	85,155	(8)	719	50,918	(55,631)	853,820
Reconciliation of intangible assets - Municipality - 2014							
,		Opening	Additions	Transfers	Work in	Amortisation	Total
Servitudes		balance 48,362	73	1 (riogress	1000	48,435
Computer software		643,030	89,689	(2)	34,375	(42,860)	124,232
		691.392	89,762	(2)	34,375	(42,860)	772,667

			Grou	ıb	Munic	pipality
res in Rand thousand			2015	2014	2015	2014
Heritage assets						
Group		2015		•	2014	
	Cost	Accumulated impairment losses	Carrying value	Cost	Accumulated impairment losses	Carrying valu
Art Collections, antiquities and exhibits	13,486	-	13,486	13,038	-	13,03
Municipality	····	2015		·	2014	
	Cost	Accumulated impairment losses	Carrying value	Cost	Accumulated impairment losses	Carrying valu
Art Collections, antiquities and exhibits	13,486	_	13,486	13,038	-	13,03
Reconciliation of heritage a	ssets Group	- 2015				
	·	- 2015	Opening balance	Additions	Transfers	Total
Reconciliation of heritage a	·	- 2015		Additions 482	Transfers (34	
	d exhibits		balance			
Art Collections, antiquities and	d exhibits		balance 13,038 Opening			
Art Collections, antiquities and	d exhibits ssets Group		balance 13,038	482	(34)) 13,486
Art Collections, antiquities and Reconciliation of heritage a	d exhibits ssets Group	- 2014	balance 13,038 Opening balance	482 Additions	(34) Disposals) 13,48 Total
Art Collections, antiquities and Reconciliation of heritage a	d exhibits ssets Group	- 2014	Opening balance 12,184 Opening	482 Additions	(34) Disposals) 13,480 Total
Art Collections, antiquities and Reconciliation of heritage a	d exhibits ssets Group d exhibits ssets Municip	- 2014	Opening balance 12,184	482 Additions 857	(34 Disposals	Total 13,03
Art Collections, antiquities and Reconciliation of heritage and Art Collections, antiquities and Reconciliation of heritage a	d exhibits ssets Group d exhibits ssets Municip d exhibits	- 2014 Dality - 2015	Opening balance 12,184 Opening balance balance	Additions 857 Additions	Disposals (3	Total 13,03
Art Collections, antiquities and Art Collections, antiquities and Reconciliation of heritage and Reconciliation of heritage and Art Collections, antiquities and	d exhibits ssets Group d exhibits ssets Municip d exhibits	- 2014 Dality - 2015	Opening balance 12,184 Opening balance balance	Additions 857 Additions	Disposals (3	Total 13,038

Notes to the Annual Financial Statements

		Group	Mun	nicipality
Figures in Rand thousand	2015	2014	2015	2014

14. Heritage assets (continued)

Heritage assets which fair values cannot be reliably measured

The following items of heritage assets cannot be reliably valued due to the nature of the items:

Ornithology Mammalogy	39,429 18,741
Entomology	140,474
Arachnology	706
Echinodermata	36
Palaeontology	184,200
Ethnographic	4,100
Library collection	3,260
Audio Visual collection	625
Durban Art Gallery	288
Textile & Costume	13,183
Glass & Ceramics	3,366
Other Historical	17,938
Don Africana Books & Periodicals	3,471
Exhibitions	451
Ichthyology	246
Herpetology	3,073
Biographical	12,470
Toys	2,669
Philatery	1,918,566
War memorials	1,950
Firearms	154
Paintings	523
Photographic	23,000
Pinetown Library	985

Notes to the Annual Financial Statements

		Group			Municipality	
Figu	ires in Rand thousand	2015		2014	2015	2014
15.	Investments in Municipal entities					
	Name of company	% ho	-	% holding 2014	Carrying amount 2015	Carrying amount 2014
	ICC Durban (Proprietory) Limited	100.	00 %	100.00 %		1
	Durban Marine Theme Park (State Owned Company) Limited	99.	80 %	99.80 %	872,996	872,996
	Impairment of investment in controlled entities				872,997 (204.932)	872,997 (289,563)

At its meeting on 25 June 2015, and taking cognizance of the International Convention Centre and Durban Marine Theme Park, the Council's Finance and Procurement Committee confirmed its commitment to ensuring the future financial viability of the International Convention Centre and the Durban Marine Theme Park and more specifically to meet any funding shortfalls that may compromise their ability to continue trading as a "going concern".

668,065

583,434

As at June 30, 2015

ICC Durban (Proprietary) Limited	Durban Marine Theme Park (Proprietary) Limited
Issued Share Capital (R'000)	9.384
Percentage owned by Council (%)	,
Indebtedness of Municipal Entities (R'000)- Non Interest Bearing 226,590	-
Electricity Income Received (R'000) 9,704	18,796
Water Income Received (R'000) 1,458	6,288
Rates Income Received (R'000) 5,317	3,847
Refuse Removal (R'000) 751	1,042
Insurance (R'000)	741

As at June 30, 2014

	ICC Durban	Durban
	(Proprietary)	Marine Theme
	Limited	Park
		(Proprietary)
		Limited
Issued Share Capital (R'000)	1	9,384
Percentage owned by Council (%)	100	99
Indebtedness of Municipal Entities (R'000)- Non Interest Bearing	226,590	-
Electricity Income Received (R'000)	9,351	18,197
Water Income Received (R'000)	1,711	5,143
Rates Income Received (R'000)	5,370	4,234
Refuse Removal (R'000)	618	936
Insurance (R'000)	-	1,421

Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

		Gro	oup	Munic	ipality
Figu	res in Rand thousand	2015	2014	2015	2014
16.	Interest in joint ventures				
	Name of company			Carrying amount 2015	Carrying amount 2014
	Effingham development		66.74%	66,546	61,679
	This represents a 66.74% investment in Effingham Develo	pment (Joint Ven	ture).		
	The Effingham Development Joint Venture is a joint venture venture was formed with the objective of developing and revalley Business Estate) land and Phoenix South (Bridge Co.)	narketing the ser			
	Summary of the municipality's interest in the joint vent	ture			
	Assets				
	Township Property Current assets - Debtors			55,553 22,081	42,381 14,505
	Current assets - Bank Balances and Cash on hand			13,110	28,176
	Total Assets			90,744	85,062
	Equity and Liabilities Members Loan Accounts			66,546	61,679
	Current liabilities - Creditors			24,198	23,38
	Total Equity and Liabilities			90,744	85,062
	Reconciliation of Investment in Joint Venture				
	Balance at beginning of year			61,679	81,596
	Share of Income for the year			4,969	15,083
	Payment received			(102)	(35,000
	Balance at end of year			66,546	61,679
17.	External Borrowings				
	Designated at fair value				
	Annuity loan Debenture	10,242,519 90,000	10,249,915 119,667	10,241,146 -	10,247,716
		40.000.00	40.000.500	40.044.440	40.047.74

The fair value of all long term loans approximates their book values.

Refer to Note 52 for more detail on long-term liabilities.

DBSA Phase 2 and Phase 3 loans of R400million each are separately secured, each by a cession of an acceptable revenue stream of R20 million p.a. as security. The DBSA Phase 2 loan of R400million is a floating interest rate contract, and in order to mitigate the floating interest rate exposure, the Municipality entered into a fixed interest rate swap agreement with Standard Corporate & Merchant Bank.

10,332,519

10,369,582

10,241,146

10,247,716

DBSA Phase 5 of R300m is seperately secured by a cession of an acceptable revenue stream of R15 million p.a. as security .

AFD Calyon of R58.7m is seperately secured by a cession of carbon credit income in the event of default or nonpayment. The income is estimated to be R2.8m to the year 2016.

Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

	 Group		Municipality	
Figures in Rand thousand	2015	2014	2015	2014

17. External Borrowings (continued)

Ushaka:Debentures:

The unsecured convertible debenture bears interest at a non-compounding rate of 13% per annum. The accrued interest is payable at the end of the twelfth year of the issued debenture. The debenture is convertible at the option of the holder into ordinary shares of the company at anytime during 12 years from date of issue. Should the holder not excercise the option to convert, the debenture is redeemable at the option of either the issuer or the bearer after the 12 years from date of issue. The Development Bank of south Africa have agreed to a final settlement of R90million in two instalments payable in November 2015 and March 2016. eThekwini Municipality has undertaken to settle the amount on behalf of Durban Marine Theme Park as per council resolution dated 13 April 2015 in exchnage for equity to be issued by Durban Marine Theme Park.

All other loans are unsecured.

The Municipality has budgeted to borrow R1billion per annum for the next 3 financial years (commencing in 2015/16) in order to finance capital expenditure. This practice is consistent with prior years.

	Non-current liabilities Designated at fair value	9,249,745	9,376,543	9,249,268	9,255,502
	Current liabilities Designated at fair value	1,082,774	993,039	991,878	992,214
18.	Payables from exchange transactions				
	Trade payables	2,339,119	2,105,334	2,316,636	2,079,800
	Payments received in advance	47,357	44,112	47,215	44,112
	Income received in advance - D.O.H.S	709,954	772,213	709,954	772,213
	Other payables	1,291,955	1,781,210	1,312,496	1,817,060
	Retentions	219,351	174,342	219,351	174,342
	Bank deposits not receipted	206,338	453,486	206,338	453,486
	Staff leave	436,246	417,132	436,246	417,132
	Deferred Expenditure (Straight-lining of Leases)	29,513	28,879	29,513	28,879
	Adjustment for fair value	(20,207)	(8,651)	(20,207)	(8,651)
	Current Tax Payable (ICC)	358	-	-	
	-	5,259,984	5,768,057	5,257,542	5,778,373
19.	Consumer deposits				
	I.C.C.: Clients deposits	18,988	21,376	-	-
	Electricity	1,178,134	1,054,238	1,179,569	1,055,647
	Water	309,047	277,762	309,047	277,762
	Interest	204,442	177,782	204,442	177,782
	Ushaka: Rental deposits	2,079	2,020	-	
		1,712,690	1,533,178	1,693,058	1,511,191

Included in eThekwini Municipality's deposits is an accrual of interest at an effective interest rate of 3% per annum (2014: 3%) which is paid to consumers when deposits are refunded.

Notes to the Annual Financial Statements

		Grou	р	Municip	ality
igu	res in Rand thousand	2015	2014	2015	2014
0.	EMPLOYEE BENEFIT OBLIGATIONS				
	The amounts recognised in the statement of finance	cial position are as fo	llows:		
	Carrying value				
	Post-employment medical benefits Post-employment pension benfits	(3,497,714) 523,431	(3,132,817) 317,671	(3,497,714) 523,431	(3,132,81) 317,67
		(2,974,283)	(2,815,146)	(2,974,283)	(2,815,14
	Non-current liabilities Current liabilities	(2,353,172) (621,111)	(2,659,382) (155,764)	(2,353,172) (621,111)	(2,659,38 (155,76
		(2,974,283)	(2,815,146)	(2,974,283)	(2,815,146
	Actuarial Valuations: The actuarial valuations were done by Independent A. Management Solutions), an independent post retirem was in a sound financial position. Assumptions applie actuarial losses.	ent plan administrator	and they deterr	nined that the r	etirement pla
	Net Actuarial Gain / (Loss): Post-employment Medi	ical Benefits			
	Acturial gains and (losses) arising from changes in financial assumptions	(46,189)	(92,253)	(46,189)	(92,25
	Acturial gains and (losses) arising from changes in demographic assumptions	202,692	-	202,692	
	Acturial gains and (losses) arising from	(179,321)	120,563	(179,321)	120,56

Net Actuarial Gain / (Loss): Pos	t-employment Pension Benefits

experience adjustments

Change in economic assumptions

Experience variance and data changes

	510,769	(703,382)	510,769	(703,382)
Statement of Financial Performance obligation for:				
Contributions to Post-employment medical benefits	472,748	364,059	472,748	364,059
Pension Benefits: Contribution to Funds	(153,564)	(276,078)	(153,564)	(276,078)
Total, included in employee benefits expense	319,184	87,981	319,184	87,981

28,310

(107,485)

(595,897)

(22,818)

169,863

340,906

(22,818)

169,863

340,906

28,310

(107,485)

(595,897)

Notes to the Annual Financial Statements

	Group		Municipality		
Figures in Rand thousand	2015	2014	2015	2014	

20. EMPLOYEE BENEFIT OBLIGATIONS (continued)

Post-Retirement Medical Aid Plan

The municipality operates on 5 accredited medical aid schemes, namely Key Health, Hosmed, Bonitas, Samwumed and LA Health. Pensioners continue on the option they belonged to on the day of their retir

			· · · · · · · · · · · · · · · · · · ·	
30 June 2011 (2,067,082) 2,067,082	30 June 2012 (2,752,683) 2,752,683	30 June 2013 (2,867,471) 2,867,471	30 June 2014 (3,132,817) 3,132,817	30 June 2015 (3,497,714 3,497,714
nse				364,059
	,	., .	•	264,867 (28,310
	152,312	127,502	152,312	127,502
of financial per	formance '			
	3,497,714	3,132,817	3,497,714	3,132,817
	(107,851)	(98,713)	(107,851)	(98,713
	,		•	264,867 (28,310
	,		•	127,502
	3,132,817	2,867,471	3,132,817	2,867,471
	nse ent in terms of G 30 June 2011 (2,067,082)	3,132,817 152,312 297,618 22,818 (107,851) 3,497,714 of financial performance 152,312 297,618 22,818 nse 472,748 ent in terms of GRAP 25 30 June 30 June 2011 2012 (2,067,082) (2,752,683)	3,132,817 2,867,471 152,312 127,502 297,618 264,867 22,818 (28,310) (107,851) (98,713) 3,497,714 3,132,817 of financial performance 152,312 127,502 297,618 264,867 22,818 (28,310) nse 472,748 364,059 ent in terms of GRAP 25 30 June 30 June 30 June 2011 2012 2013 (2,067,082) (2,752,683) (2,867,471)	3,132,817 2,867,471 3,132,817 152,312 127,502 152,312 297,618 264,867 297,618 22,818 (28,310) 22,818 (107,851) (98,713) (107,851) 3,497,714 3,132,817 3,497,714 of financial performance 152,312 127,502 152,312 297,618 264,867 297,618 22,818 (28,310) 22,818 nse 472,748 364,059 472,748 ent in terms of GRAP 25 30 June 30 June 30 June 30 June 2011 2012 2013 2014 (2,067,082) (2,752,683) (2,867,471) (3,132,817)

Disclosure Requirement in terms of GRAP 25

	Health Care cost Inflation			
	Central	-1%	+1%	
	Assumption			
	7.92%			
Accrued Liability June 30, 2015	3,497,714	3,131,796	3,973,737	
Current Service Cost + Interest Cost 2014/15	473,124	413,755	551,452	

Disclosure Requirement in terms of GRAP 25:

The employer's best estimate of contributions expected to be paid to the plan during the annual period beginning after the end of reporting period, is R101.9million.

		Group		Municipality	
ur	es in Rand thousand	2015	2014	2015	2014
	EMPLOYEE BENEFIT OBLIGATIONS (continued)				
	Key assumptions used				
	Assumptions used at the reporting date:				
	Discount rates used General increases to medical aid contributions Salary Inflation Expected retirement age Proportion continuing membership at retirement Proportion of retiring members who are married Real rate (Gap) General Inflation	8.91 % 7.92 % 7.40 % 63 100.00 % 80.00 % 0.92 %	9.50 % 8.40 % 7.40 % 63 100.00 % 100.00 %	8.91 % 7.92 % 7.40 % 63 100.00 % 80.00 % 0.92 %	9.50 8.40 7.40 6 100.00 100.00
		6.42 %	6.40 %	6,42 %	6.40
	Other assumptions:				
	Age of spouse - Husbands 5 years older than wives				
	Mortality of in-service members - Mortality table based o	n Durban Pension F	und experience		
	Mortality of pensioners - based on the PA(90) mortality to	ables			
	Mortality of pensioners - based on the PA(90) mortality to Percentage of in-service members withdrawing before Age 20		7.85 %	7.85 %	7.85
	Percentage of in-service members withdrawing before Age 20 Age 25	re retirement: 7.85 % 5.67 %	5.67 %	5.67 %	5.67
	Percentage of in-service members withdrawing before	e retirement: 7.85 %			7.85 5.67 4.20 3.31
	Percentage of in-service members withdrawing before Age 20 Age 25 Age 30 Age 35 Age 40	7.85 % 5.67 % 4.20 % 3.31 % 2.23 %	5.67 % 4.20 % 3.31 % 2.23 %	5.67 % 4.20 % 3.31 % 2.23 %	5.67 4.20 3.31 2.23
	Percentage of in-service members withdrawing before Age 20 Age 25 Age 30 Age 35	7.85 % 5.67 % 4.20 % 3.31 %	5.67 % 4.20 % 3.31 %	5.67 % 4.20 % 3.31 %	5.67 4.20 3.31 2.23 1.21
	Percentage of in-service members withdrawing before Age 20 Age 25 Age 30 Age 35 Age 40 Age 45	7.85 % 5.67 % 4.20 % 3.31 % 2.23 % 1.21 %	5.67 % 4.20 % 3.31 % 2.23 % 1.21 %	5.67 % 4.20 % 3.31 % 2.23 % 1.21 %	5.67 4.20 3.31 2.23 1.21
	Percentage of in-service members withdrawing before Age 20 Age 25 Age 30 Age 35 Age 40 Age 45 Age 50 Pension benefits The amounts recognised in the Statement of	7.85 % 5.67 % 4.20 % 3.31 % 2.23 % 1.21 %	5.67 % 4.20 % 3.31 % 2.23 % 1.21 %	5.67 % 4.20 % 3.31 % 2.23 % 1.21 %	5.67 4.20 3.31 2.23 1.21
	Percentage of in-service members withdrawing before Age 20 Age 25 Age 30 Age 35 Age 36 Age 40 Age 45 Age 50 Pension benefits The amounts recognised in the Statement of Financial Position were determined as follows: Present value of funded obligations	7.85 % 5.67 % 4.20 % 3.31 % 2.23 % 1.21 % 0.55 %	5.67 % 4.20 % 3.31 % 2.23 % 1.21 % 0.55 %	5.67 % 4.20 % 3.31 % 2.23 % 1.21 % 0.55 %	5.67 4.20 3.31 2.23 1.21 0.55
	Percentage of in-service members withdrawing before Age 20 Age 25 Age 30 Age 35 Age 36 Age 40 Age 45 Age 50 Pension benefits The amounts recognised in the Statement of Financial Position were determined as follows: Present value of funded obligations Present value of the defined benefit obligation-	7.85 % 5.67 % 4.20 % 3.31 % 2.23 % 1.21 % 0.55 %	5.67 % 4.20 % 3.31 % 2.23 % 1.21 % 0.55 %	5.67 % 4.20 % 3.31 % 2.23 % 1.21 % 0.55 %	5.67 4.20
	Percentage of in-service members withdrawing before Age 20 Age 25 Age 30 Age 35 Age 36 Age 40 Age 45 Age 50 Pension benefits The amounts recognised in the Statement of Financial Position were determined as follows: Present value of funded obligations	7.85 % 5.67 % 4.20 % 3.31 % 2.23 % 1.21 % 0.55 %	5.67 % 4.20 % 3.31 % 2.23 % 1.21 % 0.55 %	5.67 % 4.20 % 3.31 % 2.23 % 1.21 % 0.55 %	5.67 4.20 3.31 2.23 1.21 0.55

Notes to the Annual Financial Statements

		Grou	Group		ality
re	s in Rand thousand	2015	2014	2015	2014
ŧ	EMPLOYEE BENEFIT OBLIGATIONS (continued)				
ŀ	Net expense recognised in the statement of financial	performance			
;	Service cost	(103,616)	(116,976)	(103,616)	(116,976
	nterest cost	(942,464)	(838,262)	(942,464)	(838,262
	Expected return on assets	1,287,090	1,056,768	1,287,090	1,056,76
	Net actuarial gains / (losses) recognised in the	(745,023)	788,572	(745,023)	788,57
	/ear	AE7 E77	(057 577)	057.577	/AF7 F7
	Change in unrecognised due to net asset limit Gain on settlements	657,577	(657,577)	657,577	(657,57
	Active member expenses		46,455 (2,902)	-	46,45 (2,90)
-	-cuve member expenses	153.564	276,078	153.564	276,07
•		100,004	210,010	100,004	210,01
ı	Movement in the defined benefit obligation is as follo	ws:			
	Balance at beginning of the year	(10,832,916)	(10,227,913)	(10,832,916)	(10,227,91
	Current service cost	(103,616)	(116,976)	(103,616)	(116,97
(Contributions by plan participants	(19,892)	(23,892)	(19,892)	(23,89
	Actuarial gain (loss)	510,769	(703,382)	510,769	(703,38
	Interest cost	(942,464)	(838,262)	(942,464)	(838,26
	Benefit payments	692,461	558,594 518,915	692,461	558,59 518,91
			310,313	-	310,31
-	Balance at end of year	(10,695,658)	(10,832,916)	(10,695,658)	(10,832,91
•	Balance at end of year Movement in the fair value of plan assets is as follows		(10,832,916)	(10,695,658)	(10,832,91
1	Movement in the fair value of plan assets is as follows	S:		, , , ,	, , , ,
1	Movement in the fair value of plan assets is as follows Balance at beginning of the year	s: 11,808,164	10,207,115	11,808,164	10,207,11
1	Movement in the fair value of plan assets is as follows Balance at beginning of the year Actuarial gains (losses)	11,808,164 (1,255,792)	10,207,115 1,491,954	11,808,164 (1,255,792)	10,207,11 1,491,95
	Movement in the fair value of plan assets is as follows: Balance at beginning of the year Actuarial gains (losses) Employer contributions	11,808,164 (1,255,792) 52,196	10,207,115 1,491,954 62,391	11,808,164 (1,255,792) 52,196	10,207,11 1,491,95 62,39
	Movement in the fair value of plan assets is as follows Balance at beginning of the year Actuarial gains (losses) Employer contributions Employee contributions	11,808,164 (1,255,792) 52,196 19,892	10,207,115 1,491,954 62,391 23,892	11,808,164 (1,255,792) 52,196 19,892	10,207,11 1,491,95 62,39 23,89
	Movement in the fair value of plan assets is as follows: Balance at beginning of the year Actuarial gains (losses) Employer contributions Employee contributions Benefit payments	11,808,164 (1,255,792) 52,196 19,892 (692,461)	10,207,115 1,491,954 62,391 23,892 (558,594)	11,808,164 (1,255,792) 52,196 19,892 (692,461)	10,207,11 1,491,95 62,39 23,89 (558,59
	Movement in the fair value of plan assets is as follows: Balance at beginning of the year Actuarial gains (losses) Employer contributions Employee contributions Benefit payments Expected return on assets Settlement	11,808,164 (1,255,792) 52,196 19,892	10,207,115 1,491,954 62,391 23,892 (558,594) 1,056,768	11,808,164 (1,255,792) 52,196 19,892	10,207,11 1,491,95 62,39 23,89 (558,59 1,056,76
	Movement in the fair value of plan assets is as follows: Balance at beginning of the year Actuarial gains (losses) Employer contributions Employee contributions Benefit payments Expected return on assets	11,808,164 (1,255,792) 52,196 19,892 (692,461)	10,207,115 1,491,954 62,391 23,892 (558,594)	11,808,164 (1,255,792) 52,196 19,892 (692,461)	10,207,11 1,491,95 62,39 23,89 (558,59 1,056,76 (472,46
	Movement in the fair value of plan assets is as follows: Balance at beginning of the year Actuarial gains (losses) Employer contributions Employee contributions Benefit payments Expected return on assets Settlement	11,808,164 (1,255,792) 52,196 19,892 (692,461)	10,207,115 1,491,954 62,391 23,892 (558,594) 1,056,768 (472,460)	11,808,164 (1,255,792) 52,196 19,892 (692,461)	10,207,11 1,491,95 62,39 23,89 (558,59 1,056,76 (472,46 (2,90
	Movement in the fair value of plan assets is as follows: Balance at beginning of the year Actuarial gains (losses) Employer contributions Employee contributions Benefit payments Expected return on assets Settlement Active member expenses	11,808,164 (1,255,792) 52,196 19,892 (692,461) 1,287,090	10,207,115 1,491,954 62,391 23,892 (558,594) 1,056,768 (472,460) (2,902)	11,808,164 (1,255,792) 52,196 19,892 (692,461) 1,287,090	10,207,11 1,491,95 62,39 23,89 (558,59 1,056,76 (472,46 (2,90
	Movement in the fair value of plan assets is as follows: Balance at beginning of the year Actuarial gains (losses) Employer contributions Employee contributions Benefit payments Expected return on assets Settlement Active member expenses Balance at end of year	11,808,164 (1,255,792) 52,196 19,892 (692,461) 1,287,090	10,207,115 1,491,954 62,391 23,892 (558,594) 1,056,768 (472,460) (2,902) 11,808,164	11,808,164 (1,255,792) 52,196 19,892 (692,461) 1,287,090	10,207,11 1,491,95 62,39 23,89 (558,59 1,056,76 (472,46 (2,90
	Movement in the fair value of plan assets is as follows: Balance at beginning of the year Actuarial gains (losses) Employer contributions Employee contributions Benefit payments Expected return on assets Settlement Active member expenses Balance at end of year Disclosure in terms GRAP 25 Defined benefit obligation	11,808,164 (1,255,792) 52,196 19,892 (692,461) 1,287,090 	10,207,115 1,491,954 62,391 23,892 (558,594) 1,056,768 (472,460) (2,902) 11,808,164	11,808,164 (1,255,792) 52,196 19,892 (692,461) 1,287,090	10,207,11 1,491,95 62,39 23,89 (558,59 1,056,76 (472,46 (2,90 11,808,16
	Movement in the fair value of plan assets is as follows: Balance at beginning of the year Actuarial gains (losses) Employer contributions Employee contributions Benefit payments Expected return on assets Settlement Active member expenses Balance at end of year Disclosure in terms GRAP 25 Defined benefit obligation Plan assets	11,808,164 (1,255,792) 52,196 19,892 (692,461) 1,287,090 11,219,089	10,207,115 1,491,954 62,391 23,892 (558,594) 1,056,768 (472,460) (2,902) 11,808,164	11,808,164 (1,255,792) 52,196 19,892 (692,461) 1,287,090 11,219,089	10,207,11 1,491,95 62,39 23,89 (558,59 1,056,76 (472,46 (2,90 11,808,16
	Movement in the fair value of plan assets is as follows: Balance at beginning of the year Actuarial gains (losses) Employer contributions Employee contributions Benefit payments Expected return on assets Settlement Active member expenses Balance at end of year Disclosure in terms GRAP 25 Defined benefit obligation	11,808,164 (1,255,792) 52,196 19,892 (692,461) 1,287,090 	10,207,115 1,491,954 62,391 23,892 (558,594) 1,056,768 (472,460) (2,902) 11,808,164	11,808,164 (1,255,792) 52,196 19,892 (692,461) 1,287,090	10,207,11 1,491,95 62,39 23,89

The expected return on plan assets was determined with reference to the average nominal yield for government bonds with duration of between 15 and 20 years as at 30 June 2015. The resulting expected return on plan assets was 8.9%p.a.

The actual return on plan assets (in accordance with paragraph 116 of GRAP 25) for the year ending 30 June 2015 was 0.27%p.a.

	G	Group		ality
Figures in Rand thousand	2015	2014	2015	2014
20. EMPLOYEE BENEFIT OBLIGA	TIONS (continued)			
Key assumptions used				
The principal actuarial assumpt	ons used were as follows:			
Discount rate	8.90	8.70	8.90	8.70
Expected return on plan assets			8.90	10.90
Future salary increases	7.40		7.40	7.40
Future pension increases	6.40	6.40	6.40	6.40

	Grou	Group		ality
Figures in Rand thousand	2015	2014	2015	2014
20. EMPLOYEE BENEFIT OBLIGATIONS (co	ontinued)			
Examples of mortality rates used were	as follows: Active members (All):			
Age 20	0.13 %	0.13 %	0.13 %	0.13
Age 25	0.18 %	0.18 %	0.18 %	0.18
Age 30	0.25 %	0.25 %	0.25 %	0.25
Age 35	0.37 %	0.37 %	0.37 %	0.37
Age 40	0.52 %	0.52 %	0.52 %	0.52
Age 45	0.72 %	0.72 %	0.72 %	0.72
Age 50	0.99 %	0.99 %	0.99 %	0.99
Age 55	1.37 %	1.37 %	1.37 %	1.37
Age 60	1.89 %	1.89 %	1.89 %	1.89

Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

		Group		ipality
Figures in Rand thousand	2015	2014	2015	2014

20. EMPLOYEE BENEFIT OBLIGATIONS (continued)

Financial Position of KZN Municipal Pension Fund and Durban Pension Fund:

All Councillors and employees belong to 1 of 8 retirement funds.

The KZN Municipal Pension Fund is a defined contribution fund and became operational on 2001-11-01. It presently has a membership of over 19 000 employees with a total pension accumulation of approximately R10 billion.

The Funding Level of the KZN Municipal Pension Fund as at March 2015 was 100.26% an excess of R26 million accumulating due to timing differences between processing of transactions and the effective date of the asset manager investing and/or disinvesting monies. The tolerance level that would trigger a distribution to members is 100,5%.

As at 01/01/2015 the total funeral, death, and disability cost as a percentage of payroll for a member with more than 3 years of service dipped under 3% (2.95%) for the first time in a number of years, due to improved claims experience. The Fund has implemented an element of self insurance and has partnered with Nestlife (100% black owned insurance company) in this regard awarding a significant contract worth more than R65 million in annual premiums. Member Record Admin Costs and Trustee, Printing, Legal, Front Office, and Fund Staff costs amount to appromimately 0,39% of total payroll. This means that 14,664% of a members pensionable salary is deposited into the members pension accumulation out of the Employer contribution of 18%. In addition, members add their own contribution. The Employee (or member) is allowed a variable contribution rate elected every year of either 5%, 7.5%, 9%, 12%. 15%, or 18%. Members who have less than 3 years of service have a lower death and capital disability benefit cover but then their costs for insurance are substantially lower at 1.866%. These members therefore enjoy a higher allocation to their pension accumulation.

Of the R10billion invested, R900m is invested in the life staging portfolios designed to progressively protect capital for those members older than 58 and by members choosing more cautious portfolios. There is some R8.2billion in the default Managed portfolio, a fund that returned 12.5% for the year to 31 March 2015, in volatile market conditions. The Fund also has around R740million invested in the Aggressive portfolio. This portfolio includes more equity investments both locally and offshore, than the Managed portfolio. The Aggressive fund return for the same 12 month period was 15,13%.

The Fund's in-fund annuitant pool has grown substantially over the last year and now comprises of some 60 pensioners with investments exceeding R100 million. It is anticipated that the popularity of this retirement option will continue to grow, given the attractive fee structure that is available relative to the living annuity offerings in the insurance industry. Studies conducted by the Fund suggest that the benefit of the lower costs of the in-fund solution is to extend retirees' income by 4 years or more.

The trustees and officers of the fund continue to contain investment fees and other fund costs (savings of more than R13 million per annum have recently been secured with the restructuring of the Fund's investment portfolios) whilst striving to provide members with a modern pension arrangement.

The external auditors of the Fund continue to be satisfied with the running of the KZN Municipal Pension Fund.

The Durban Pension Fund is a closed defined benefit fund. With effect from 1 June 2015 the Fund has been administered by Alexander Forbes prior to which it was administered by the eThekwini Municipality. The rules of the Fund require that the financial condition of the Fund be investigated and reported on by the Fund's actuary annually. The interim valuation as at 2015-01-01 revealed that the Fund was 103.2% funded(2014-01-01: 103.7%). The value of assets amounted to R10,94 billion (2014-01-01: R10.88 billion) whist the value of liabilities was determined to be R10,6 billion (2014-01-01: R10.5 billion). The active member pool solvency reserve is 51.3% funded (2014-01-01: 64.1%) and the pensioner pool solvency reserve is 100% funded (2014-01-01: 100%). Members and the employer contribute at the rate of 7.5% and 19.68% respectively with a further contribution of 9,57% being funded by the employer surplus account. In compliance with the Fund's rules an amount of R54 million (2013/14: R62.4 million) was contributed by Council in respect of retirement funding during the period under review

Multi-Employer Retirement Benefit Plans:

Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

	Group			pality
Figures in Rand thousand	2015	2014	2015	2014

20. EMPLOYEE BENEFIT OBLIGATIONS (continued)

Certain members and Council contribute to the Natal Joint Superannuation, Retirement and Provident Funds (NJMP), SALA, Multi Linked and GEPF. Employees of eThekwini Municipality make up less than 1% of the total members of the NJMPF. eThekwini's liability in these funds could not be determined owing mainly to the assets not being allocated to each employer and one set of financials being compiled for each fund and not for each employer. Two of the NJMP retirement funds are defined benefit in nature. The third fund is a provident fund which is a defined contribution fund. The last actuarial valuations of the 2 Defined Benefit Funds (March 2014) showed both funds to be fully funded as regards pensions in payment, but underfunded as regards contributing members - thus the employers are paying a surcharge. A primary reason for the surcharge is that salaries have been increased well in excess of inflation over the past number of years, which has increased the liabilities of the 2 Defined Benefit Funds. Surcharges were updated to 17.5% for Retirement fund and 9.5% for Superannuation Fund and are applicable for 8 years from July 2012 at which time it is expected that both funds will be fully funded. The 2015 valuations are still in progress, outcomes will only be known by November at the annual AGM of funds. A special additional surcharge is levied individually on municipalities where an employee has received a salary increase that is deemed to be excessive in comparison with the other municipalities. This has the effect of removing some of the cross-subsidisation between municipalities. Other than this, all municipalities are treated in the same manner

Each of the funds undergoes an actuarial valuation each year in order to monitor its financial condition. If necessary the Committee of Management levies a surcharge until the fund is in a sound financial condition, as is currently the case. In this way the Committee ensures that the funds are able to afford the promised benefits.

The asset composition of the Durban Pension Fund is summarised below:

		-	1.10 70	0.10 70
Other	1.10 %	0.79 %	1.10 %	0.79 %
Foreign	15.94 %	15.38 %	15.94 %	15.38 %
Property	2.28 %	3.73 %	2.28 %	3.73 %
Bonds	42.85 %	40.59 %	42.85 %	40.59 %
Equity	34.07 %	29.10 %	34.07 %	29.10 %
Cash	3.76 %	10.41 %	3.76 %	10.41 %

Notes to the Annual Financial Statements

	Grou	Group		ality
res in Rand thousand	2015	2014	2015	2014
Unspent conditional grants and receipts				
Unspent conditional grants and receipts comprises of:				
Unspent conditional grants and receipts				
Electricity Demand Side Management Grant	3,194	14,308	3,194	14,30
Department of Co-Operative Governance and Traditional Affairs	6,445	7,006	6,445	7,00
Department of Transport and Public Transport Infrastructure	422,175	819,688	422,175	819,68
Department of Environmental Affairs	7,962	2,242	7,962	2,24
Expanded Public Works Incentive Grant	, <u>.</u>	5,519	-	5,51
Neighbourhood Development Partnership	18,422	3,181	18,422	3,18
Department of Arts and Culture	318,062	236,617	318,062	236,61
Vuna Awards	875	875	875	87
Grant Accreditation	13,884	13,884	13,884	13,88
Department of Human Settlements	99,658	107,508	99,658	107,50
Lamontville and R293 Trf Deeds/Administration	1,556	1,556	1,556	1,55
European Union	6,433	7,456	6,433	7,45
Donations and Public Contributions	54,412	58,183	54,412	58,18
D Moss Interest and Land Sales	8,073	8,073	8,073	8,07
Public Transport Network Operations	84,709	-	84,709	
Municipal Human Settlement Capacity Grant	39,980	-	39,980	
Other Grants and Subsidies	39,944	42,151	39,944	42,15
	1,125,784	1,328,247	1,125,784	1,328,24

These amounts are invested in a ring-fenced investment until utilised. See note 28 for more detail.

Notes to the Annual Financial Statements

	Gro	Group		ipality
Figures in Rand thousand	2015	2014	2015	2014
22. Provisions				
Reconciliation of provisions - Group - 20				

	Opening Balance	Additions	Utilised during the year	Interest charged	Total
Current			•	Ū	
Clearance of Alien Vegetation	15,879	16,841	(13,301)	-	19,419
Performance bonus	16,156	14,226	(662)	-	29,720
Long service awards	62,439	40,479	(47,130)	-	55,788
Non-current					
Environmental rehabilitation: Landfill sites	84,241	(298)) -	7,726	91,669
Clearance of Alien Vegetation	37,641	1,882	-	· -	39,523
Long service awards	618,817	50,725	-	-	669,542
	835,173	123,855	(61,093)	7,726	905,661

Reconciliation of provisions - Group - 2014

O.,	Opening Balance	Additions	Utilised during the year	Interest charged	Total
Current					
Clearance of Alien Vegetation	15,427	14,906	(14,454)	-	15,879
Performance bonus	21,138	10,514	(15,496)	-	16,156
Long service awards	11,336	51,877	(774)	-	62,439
Non-current		·	` ,		•
Environmental rehabilitation: Landfill sites	74,754	2,897	-	6,590	84,241
Clearance of Alien Vegetation	30,084	7,557	-	· -	37,641
Long service awards	263,067	355,750	-	-	618,817
	415,806	443,501	(30,724)	6,590	835,173

Reconciliation of provisions - Municipality - 2015

Current	Opening Balance	Additions	Utilised during the year	Interest charged	Total
Current					
Clearance of Alien Vegetation	15,879	16,841	(13,301)	-	19,419
Performance bonus	11,552	12,345	(662)	-	23,235
Long service awards	62,439	40,479	(47.130)	_	55,788
Non-current	•	•	· · · ·		-
Environmental rehabilitation: Landfill sites	84,241	(298)) -	7,726	91,669
Clearance of Alien Vegetation	37,641	1,882	-	-	39,523
Long service awards	618,817	50,725	-	-	669,542
	830,569	121,974	(61,093)	7,726	899,176

Reconciliation of provisions - Municipality - 2014

	Opening Balance	Additions	Utilised during the year	Interest charged	Total
Current					
Clearance of Alien Vegetation	15,427	14,906	(14,454)	=	15,879
Performance bonus	16,647	10,401	(15,496)	-	11,552
Long service awards	11,336	51,877	(774)		62,439
Non-current					
Environmental rehabilitation: Landfill sites	74,754	2,897	-	6,590	84,241
Clearance of Alien Vegetation	30,084	7,557	-	-	37,641
Long service awards	263,067	355,750	-	-	618,817
	411,315	443,388	(30,724)	6,590	830,569

Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

		Grou	p	Municip	ality
Figu	res in Rand thousand	2015	2014	2015	2014
22.	Provisions (continued)				
	Non-current liabilities	800,734	740,699	800,734	740,699
	Current liabilities	104,927	94,474	98,442	89,870
		905,661	835,173	899,176	830,569

Environmental rehabilitation: Landfill sites

The Landfill Rehabilitation Provision is created for the rehabilitation of the current operational sites at the future estimated time of closure. The value of the provision is based on the expected future cost to rehabilitate the various sites discounted back to the balance sheet date at the cost of capital, which is currently 9%. The Municipality has an obligation to rehabilitate these Landfill sites. The cost of such property includes the initial estimate of the costs of rehabilitating the land and restoring the site on which it is located, the obligation for which a municipality incurs as a consequence of having used the property during a particular period for landfill purposes. The Municipality estimates the useful lives and makes assumptions as to the useful lives of these assets, which influence the provision for future costs.

The asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the Municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount, and any impairment loss is recognised in surplus or deficit.

The following assumptions were used to calculate the provision:

- (1) Discount rate of 9.25% (2014: 9%);
- (2) Inflation rate of 4.70% (2014: 6.60%);
- (3) Total area expected to be rehabilitated: 913 151 square metres (2014: 800 426 square meters);
- (4) Rate per square metre: R145.27 (2014: R138.75) escalating every year by inflation rate;
- (5) Total area to be rehabilitated can be reconciled to the different sites as follows:

Bisasar	360,326	360,326
Maranhill	239,725	193,000
Wyebank	25,000	25,000
Shallcross	29,800	29,800
Buffelsdraai	228,300	192,300
Lovu	30,000	

Each of the landfill sites have a different lifespan for rehabilitation ranging from 2 years to 58 years and are best estimates provided for by the respective landfill site engineers. The useful life for the Bisasar Landfill site has been extended by 3 years as at 01 July 2012.

The total rehabilitation can be reconciled as follows:

Name	O/ Balance	Prior Year Adjustments	Interest	Additions	C/ Balance
Bisasar	49,927	(2,109)	4,303	(878)	51,243
Maranhill	21,987	423	2,017	6,226	30,653
Wyebank	3,040	(5)	273	247	3,555
Shallcross	3,180	129	298	(717)	2,890
Buffelsdraai	4,573	3,096	690	(6,741)	1,618
Lovu	· -	-	145	1,565	1,710
Totals	82,707	1,534	7,726	(298)	91,669

Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

	Gro	oup	Munic	cipality
Figures in Rand thousand	2015	2014	2015	2014

22. Provisions (continued)

Clearance of Alien Vegetation

The clearing of alien vegetation is required in terms of the Conservation of Agricultural Resources Act, 1983 (Act No. 43 of 1983). The Municipality has therefore made a provision for its obligation, based on future estimated costs for the next 3 years. This provision will be reviewed annually to reflect the fair value of the obligation.

Provision for invasive alien plant control / eradication is based on reliable data for growth rates, infestation rates and density. A detailed analysis, based on current costs of alien plant clearing, was undertaken. Input from numerous field staff was obtained with regard to the level of infestation of currently managed areas.

Data used for calculations:

Municipal owned land within the municipal area: 18 000 Ha Municipal owned open space currently managed (prioritised): 2 200 Ha Current approximate cost of clearing very high infestations of IAP's: R9 153.00 / Ha (2014: R8 483.00 / Ha).

Performance Bonus

All employees who are employed in accordance with provisions of section 57 of the Municipal Systems Act are required, in terms of their employment contracts, to sign a performance agreement and performance plan in terms of which their performance is assessed annually. The criteria in terms of which they are assessed is linked to the I.D.P. 8-point plan. Strategic focus areas and key performance indicators are set out in the plan, together with targets and weightings for each target. Employees are assessed quarterly and against these targets and a final assessment is conducted at the end of the financial year. The performance bonus paid to each employee is dependant on the overall score achieved in this assessment and is subject to the approval of the City Manager.

Long service awards

Revised Conditions of Service for employees are currently being negotiated. The interim conditions of service for Employees are as follows:

Long Service Leave will accrue as follows:

After 20 years After 30 years After 40 years	5 Day	5 Day	6 Day	6 Day
	Worker-	Worker-	Worker-	Worker-
	No.of days	Accum per	No.of days	Accum per
	p.a.	milestone	p.a.	milestone
	2	25	3	30
	4	35	5	50
	5	15	6	10
Maximum Accumulation	-	75	_	90

Employees who achieve 25 years service receive a once off cash payment of R500 and upon achievement of 40 years service, employees receive a gold wrist watch or a comparable gift.

Employees who achieve 40 years service will be granted 20 days paid leave (once off) and a scroll duly signed by the Mayor in recognition of loyal service rendered to the Council.

will

accrue

as

Allowance

follows:

- 2% of monthly salary at 15-19 years

Service

long

-3% of monthly salary at 20-24 years

-4% of monthly salary at 25-29 years

-5% of monthly salary at 30-35 years

	Pool in David II.		Group	Muni	cipality
-igt	res in Rand thousand	2015	2014	2015	2014
22.	Provisions (continued)				
	-6% of monthly salary at The abovementioned is limited to a maximum of R 1155.2	35 R	years		or mor
	The provision is an estimate of the long service award bas 2014). It has been assumed that the staff turnover rate v 8.3% (2014: 8.5%) was used based on internal rate of retirements.	ed on the mor	ithly salaries rat cant based on	e at 30 June 2015 historical data. A	5 (2014: 30 Jun discount rate o
	Summary of economic assumptions (rates are per ann	um) and key (demographic a	ssumptions	
	Figures in Rand thousand				cipality
	Gross discount rate			2015	2014
	Salary inflation Net discount rate			8.30 7.00 1.30	7.409
	Number of trading days per year Assumed retirement age			252 63 years for males and females	
	Current employees Number of current employees Average age of employees Average years of past service Average annual salary (R)			30 June 2015 21,506 41.9 11.3 179,056	20,962 41.
	Reconciliation of Defined Benefit Obligation			-	
	Ononing Dates as				
	Opening Balance Current Service cost Interest cost Change in model			681,256 52,072 57,907	274,403 9,869 8,189
	Applying the projected unit credit method Correction of salaries Past service cost			-	(307) (142,986) (31,967)
	Acturial losses - change in financial assumptions Acturial gains - change in demographic assumptions Acturial gains - experience variance			(14,207)	574,009 15,850 (9,403
	Cash movements - Benefit payments			2,320 (54,018)	(4,500) (11,901)
				725,330	681,256
	Pre-retirement mortality (only for 30 June 2015)				
:	Age 20 25 30 35			Males 0.13% 0.18% 0.25% 0.37%	Females 0.13% 0.18% 0.25% 0.37%
	40 45 50			0.52% 0.72% 0.99%	0.52% 0.72% 0.99%

		Group	Group		ality	
r	es in Rand thousand	2015	2014	2015	2014	
	Muss deliver (a sudiesse di					
	Provisions (continued) 55			1.37%	1,37%	
	60			1.89%	1.89%	
	·			-		
	Withdrawal assumption (only for 30 June 2015)					
	Age			Males	Females	
	20			7.85%	7.85%	
	25			5.67%	5.67%	
	30			4.20%	4.20%	
	35			3.31%	3.31%	
	40			2.23%	2.23%	
	45			1.21%	1.21%	
	50			0.55%	0.55%	
	55			0.00%	0.00% 0.00%	
	60+		A***	0.00%	0.00%	
				<u> </u>		
	Housing development fund					
	Accumulated Surplus	(114,055)	(96,215)	(114,055)	(96,2	
	Loans extinguished by Government on 1 April 1998	266,979	266,979	266,979	266,9	
		152,924	170,764	152,924	170,7	
	The housing development fund is represented by th	e following assets a	nd liabilities			
	Property, plant and equipment	66,306	67,913	66,306	67,9	
	Housing selling scheme loans	63,074	65,568	63,074	65,5	
	Housing rental Debtors	8,562	11,168	8,562	11,1	
	Housing other Debtors	64	247	64	2	
	Housing inventory	72	36	72		
	Investments	7,489	46,892	7,489	46,8	
	Investment properties	16,080	16,446	16,080	16,4	
	Bank and cash	4	14,765	4	14,7	
	Grant Accrual	311,403	-	311,403		
	Assets	473,054	223,035	473,054	223,0	
	Long-term liabilities	165	244	165	2	
	Unspent Conditional Grants	6,963	15,627	6,963	15,6	
	Creditors	46,789	16,581	46,789	16,5	
	Bank Overdraft	246,395	-	246,395		
	Government Grant Reserve	19,818	19,819	19,818	19,8	
	Liabilities	320,130	52,271	320,130	52,2	
				152,924	170,7	

		Group		Municip	ality
Figu	ures in Rand thousand	2015	2014	2015	2014
24.	Service charges				
	Sale of electricity	10,168,933	9,421,541	10,197,502	9,449,095
	Sale of water	2,614,399	2,294,358	2,622,145	2,302,765
	Solid waste	521,774	472,127	523,567	472,127
	Sewerage and sanitation charges	799,963	726,846	799,963	726,846
	Other service charges	179,407	161,863	179,407	161,863
	Total service charges	14,284,476	13,076,735	14,322,584	13,112,696
25.	Other income				
	Sundry Income	513,417	532,000	305,009	314,907
	Moses Mabhida	11,242	12,028	11,242	12,028
		524,659	544,028	316,251	326,935
26.	Refer to Appendix D for a Statement of Financial	Performance: Moses Mabh	ida Stadium.		
	Interest revenue				
	Interest earned - External Investments	380,544	334,874	362,443	320,321
	Interest earned - Outstanding Debtors	175,142	143,037	175,142	143,037

Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

	Group		Munici	pality
res in Rand thousand	2015	2014	2015	2014
Property rates				
Rates received				
Residential	2,045,101	1,857,193	2,045,757	1,857,193
Business / Commercial	1,868,648	1,743,207	1,876,923	1,752,811
Unauthorised / Illegal development	26,734	32,711	26,734	32,711
Development Phasing	1,542	3,051	1,542	3,051
Agricultural	2,962	1,680	2,962	1,680
Vacant land	380,704	355,272	380,704	355,272
Industrial	1,393,157	1,342,283	1,393,157	1,342,283
Public Service Infrastructure	28,267	18,197	28,267	18,197
Total Assessment Rates	5,747,115	5,353,594	5,756,046	5,363,198
Valuations				
Residential	269,219,317	266,601,096	269,219,317	266,601,096
Business / Commercial	91,922,905	89,480,353	91,922,905	89,480,353
Unauthorised / Illegal development	473,063	539,224	473,063	539,224
Agricultural	2,875,549	2,751,760	2,875,549	2,751,760
Vacant land	12,342,130	12,091,994	12,342,130	12,091,99
Industrial	46,172,030	45,837,315	46,172,030	45,837,31
Public Service Infrastructure	16,211,123	16,121,656	16,211,123	16,121,656
Development Phasing Line	153,773	148,972	153,773	148,972
Total Property Valuations	439,369,890	433,572,370	439,369,890	433,572,370

The following are the rate randages that were applied to the valuations in respect of the various categories: Residential -R0.01043 (2014: R0.00976); Agriculture - R0.00261 (2014: R0.00244); Vacant Land - R0.04678 (2014: R0.04674); Industrial - R0.03053 (2014: R0.02856); Business and Commercial - R0.02366 (2014: R0.02213); Public Service Infrastructure - R 0.00261 (2014: R0.00244). All residential property owners are exempt from paying rates on the first R120 000 (2014: R120 000) of their property value. In addition to the R120 000, Pensioners, child-headed households, disability grantees and the medically boarded are granted a further rebate not exceeding R3 390. The Senior Citizens rebate is limited to a maximum limit of R3 million on the value of the property. Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2012. Interim valuations are processed on an annual basis to take into account changes in idividual property values due to alterations and subdivisions.

Notes to the Annual Financial Statements

	Grou	p	Municipa	ality
res in Rand thousand	2015	2014	2015	2014
Government grants and subsidies				
Equitable Share	1,990,048	1,869,806	1,990,048	1,869,80
Expanded Public Works Programme Incentive	39,673	59,747	39,673	59,74
European Union	1,069	587	1,069	58
Primary Health Care Provincial Subsidy	121,365	97,088	121,365	97,08
Department of Transport and Public Transport		285,298	742,064	285,29
infrastructure	142,004	200,200	142,004	200,20
Department of Enviromental Affairs	23	7,435	23	7,43
Vuna Awards	-	1,036	20	1,03
2010 KZN Provincial Grant	12,489	1,000	12,489	1,00
Demand Side Management	11,114	692	11,114	69
Urban Settlement Development Grant	1,800,076	1,580,999	1,800,076	1,580,99
Other Grants	42,278	33,702	42,278	33,70
Public Contributions	4,034	21,229	4,034	21,22
Neighbourhood Development Partnership	15,833	4,769	15,833	4,76
Department of Human Settlements	454,752	150,449	454,752	150,44
Grant Accreditation	41,948	939	41,948	93
Department of Co-Operative Government and	1,561	6,068	1,561	6,06
Traditional Affairs	1,001	0,000	1,001	0,00
Department of Arts and Culture	42,625	13,084	42,625	13,08
Public Transport Network Operations	36,111	71,395	36,111	71,39
Intergrated City Developement Grant	52,621	9,539	52,621	9,53
Infrastructure Skills Grant	26,925	18,534	26,925	18,53
Timasirottare Sitino Orant	5,436,609	4,232,396	5,436,609	4,232,39
	0),100,000	1,202,000		1,202,00
Equitable Share				
	1,990,048	1,869,806	1,990,048	1,869,80
Equitable Share Current-year receipts Conditions met - transferred to revenue	1,990,048 (1,990,048)	1,869,806 (1,869,806)	1,990,048 (1,990,048)	
Current-year receipts			* '	
Current-year receipts	(1,990,048)	(1,869,806)	(1,990,048)	(1,869,80
Current-year receipts Conditions met - transferred to revenue In terms of the Constitution, this grant is u	(1,990,048)	(1,869,806)	(1,990,048)	(1,869,80
Current-year receipts Conditions met - transferred to revenue In terms of the Constitution, this grant is unmembers.	(1,990,048)	(1,869,806)	(1,990,048)	(1,869,80 nt commun
Current-year receipts Conditions met - transferred to revenue In terms of the Constitution, this grant is unmembers. D Moss Interest and Land Sales	(1,990,048) - used to subsidise the provision 8,073	(1,869,806) - on of basic ser	(1,990,048) vices to indige	(1,869,80 nt commun
Current-year receipts Conditions met - transferred to revenue In terms of the Constitution, this grant is u members. D Moss Interest and Land Sales Balance unspent at beginning of year	(1,990,048) - used to subsidise the provision 8,073	(1,869,806) - on of basic ser	(1,990,048) vices to indige	(1,869,80 nt commun
Current-year receipts Conditions met - transferred to revenue In terms of the Constitution, this grant is unembers. D Moss Interest and Land Sales Balance unspent at beginning of year The above relates to funding for the acquisition Department of Environmental Affairs	(1,990,048) - used to subsidise the provision 8,073 n of D Moss land.	(1,869,806) - on of basic ser	(1,990,048) vices to indige	(1,869,80 nt commun 8,07
Current-year receipts Conditions met - transferred to revenue In terms of the Constitution, this grant is unembers. D Moss Interest and Land Sales Balance unspent at beginning of year The above relates to funding for the acquisition Department of Environmental Affairs Balance unspent at beginning of year	(1,990,048) - sed to subsidise the provision 8,073 n of D Moss land.	(1,869,806)	(1,990,048) vices to indige 8,073	(1,869,80 nt commun 8,07
Current-year receipts Conditions met - transferred to revenue In terms of the Constitution, this grant is unembers. D Moss Interest and Land Sales Balance unspent at beginning of year The above relates to funding for the acquisition Department of Environmental Affairs	(1,990,048) - used to subsidise the provision 8,073 n of D Moss land.	(1,869,806)	(1,990,048) vices to indige 8,073	1,869,80 (1,869,80) nt communi 8,07 1,42 8,25 (7,43

Funding was obtained from various sources and local industries for the implementation of the South Durban Basin Multi Point Plan. The expenditure is incurred over a multi year period based on the rollout of the projects per programme. Further funding will be expended based on the outcome of the Air Quality Management Plan which is currently underway. This grant is received from Department of Environmental Affairs for the National Greening Programme and the promotion of non-motorised transport with the aim of reducing gas emissions.

Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

	Grou	Group		ality
gures in Rand thousand	2015	2014	2015	2014
. Government grants and subsidies (continued	d)			
Department of Transport and Public Transpo	ort infrastructure			
Balance unspent at beginning of year Current-year receipts Conditions met - transferred to revenue Paidback	819,688 654,752 (742,064) (310,201)	597,620 507,366 (285,298)	819,688 654,752 (742,064) (310,201)	597,620 507,366 (285,298)
	422,175	819,688	422,175	819,688

This grant is received from the Department of Transport for the design and construction of the dedicated public transport lanes, stations and other related infrastructure as part of the Integrated Rapid Public Transport Network.

The underspending of funds is due to:

* Construction disruption by Taxi industry.

Neighbourhood Partnership Development

	18.422	3,181	18.422	3,181
Paidback	(3,181)	-	(3,181)	-
Conditions met - transferred to revenue	(15,833)	(4,769)	(15,833)	(4,769)
Current-year receipts	34,255	3,555	34,255	3,555
Balance unspent at beginning of year	3,181	4,395	3,181	4,395

Focus of the grant is to create economic infrastructure in dormitory townships that will attract private sector investment.

European Union

	6,433	7,456	6,433	7,456
Conditions met - transferred to revenue	(1,069)	(587)	(1,069)	(587)
Current-year receipts	46	-	46	-
Balance unspent at beginning of year	7,456	8,043	7,456	8,043

Funds used for Capacity Enhancement/ Knowledge Management in terms of close our report

Other Grants and Subsidies

	39,944	42,151	39,944	42,151
Conditions met - transferred to revenue	(42,278)	(33,702)	(42,278)	(33,702)
Paidback	(3,208)	-	(3,208)	-
Current -year receipts	43,279	35,114	43,279	35,114
Balance unspent at beginning of year	42,151	40,739	42,151	40,739

Other Grants and subsidies were utilised during the year to fund various Council projects.

^{*} Delays in awarding contracts as a result of court action.

^{*} Transport Management Centre delays in securing a site.

^{*} Construction for Bridge City Depot being delayed by EIA amendments.

Notes to the Annual Financial Statements

		Group		Municipality	
res in Rand	d thousand	2015	2014	2015	2014
0	and supports and make talks a factorism.				
Governm	ent grants and subsidies (continued)				
Departme	ent of Human Settlements				
Balance u	inspent at beginning of year	107,508	172,564	107,508	172,56
	ear receipts	135,500	85,393	135,500	85,39
	s met - transferred to revenue	(454,753)	(150,449)	(454,753)	(150,449
Accrued F	Receipts	311,403	-	311,403	
		99,658	107,508	99,658	107,50
Funding for	or the administration of Hostels in KwaZulu Natal.				
The reaso	ons for the underspending of funds are :				
* Delays in	n construction of Cornumbia Access Road				
* Funding	for CRU upgrade project received late in the year.				
* Delays i	n Donnelly Road CRU upgrade.				
Lamontvi	ille R293 Trf Deeds/ Administration				
Balance u	unspent at beginning of year	1,556	1,556	1.556	1,55
	it was used to fund the maintenance of the Lamor the beneficiaries.	ntville houses a	s well as the tr	ansfer of the R	293 townsh
DANIDA Balance	the beneficiaries. unspent at beginning of year	ntville houses as	295	ansfer of the R	29
houses to	the beneficiaries. unspent at beginning of year	ntville houses as		ansfer of the R	29
DANIDA Balance u Paid back	the beneficiaries. unspent at beginning of year	- - - an Environment	295 (295) - al Management	. This program	29 (29 me prioritize
DANIDA Balance u Paid back These fur poverty re services.	unspent at beginning of year continuous and the second of	- - - an Environment	295 (295) - al Management	. This program	29: (29: me prioritize
DANIDA Balance u Paid back These fur poverty re services. Grant Ac	nthe beneficiaries. unspent at beginning of year condenses are used to enhance existing capacity in Urba eduction and building institutional capacity for en	- - - an Environment	295 (295) - al Management	. This program	29 (29 me prioritiza y sustainab
DANIDA Balance upaid back These fur poverty reservices. Grant Ac Balance upaid back Current-y	unspent at beginning of year nds are used to enhance existing capacity in Urba eduction and building institutional capacity for en creditation unspent at beginning of year ear receipts	an Environment hanced local le	295 (295) 	This programs environmentally	29 (29 me prioritiza y sustainab
DANIDA Balance upaid back These fur poverty reservices. Grant Ac Balance upaid back Current-y	unspent at beginning of year conds are used to enhance existing capacity in Urba eduction and building institutional capacity for en creditation unspent at beginning of year	an Environment hanced local le	295 (295) - al Management evel delivery of	This programs environmentally	29: (29: me prioritize y sustainab
DANIDA Balance upaid back These fur poverty reservices. Grant Ac Balance upaid back Current-y	unspent at beginning of year nds are used to enhance existing capacity in Urba eduction and building institutional capacity for en creditation unspent at beginning of year ear receipts	an Environment hanced local le	295 (295) 	This programs environmentally	29 (29 me prioritizo / sustainab 14,82 (93
DANIDA Balance upaid back These fur poverty reservices. Grant Ac Balance upaid back Current-your condition	unspent at beginning of year nds are used to enhance existing capacity in Urba eduction and building institutional capacity for en creditation unspent at beginning of year ear receipts	13,884 41,948 (41,948)	295 (295) - al Management evel delivery of - 14,823 (939)	13,884 41,948 (41,948)	29 (29 me prioritizo / sustainab 14,82 (93
These fur poverty reservices. Grant Ac Balance & Current-y Condition	unspent at beginning of year Index are used to enhance existing capacity in Urba eduction and building institutional capacity for en Creditation Unspent at beginning of year ear receipts is met - transferred to revenue	13,884 41,948 (41,948) 13,884	295 (295) - al Management evel delivery of - 14,823 (939)	13,884 41,948 (41,948)	29 (29 me prioritize y sustainab 14,82 (93
These fur poverty reservices. Grant Ac Balance & Current-y Condition These fur Departments	unspent at beginning of year Inds are used to enhance existing capacity in Urba eduction and building institutional capacity for en Creditation Unspent at beginning of year ear receipts is met - transferred to revenue Inds are for the administrative support provided for Ri ent of Co-operative Governance and Traditional A	an Environment hanced local le 13,884 41,948 (41,948) 13,884 DP houses.	295 (295) - al Management evel delivery of 14,823 (939) 13,884	13,884 41,948 (41,948) 13,884	29: (29: me prioritize y sustainab 14,82: (93: 13,88:
These fur poverty reservices. Grant Ac Balance to Current-y Condition These fur Departments	unspent at beginning of year Inds are used to enhance existing capacity in Urba eduction and building institutional capacity for en Creditation Unspent at beginning of year ear receipts as met - transferred to revenue Inds are for the administrative support provided for RI ent of Co-operative Governance and Traditional Aunspent at beginning of year	13,884 41,948 (41,948) 13,884 DP houses. Affairs 7,006	295 (295) 	13,884 41,948 (41,948)	299 (299) me prioritize y sustainab 14,823 (93) 13,884
These fur poverty reservices. Grant Ac Balance & Current-y Condition These fur Department Balance & Current-y	unspent at beginning of year Inds are used to enhance existing capacity in Urba eduction and building institutional capacity for en Creditation Unspent at beginning of year ear receipts is met - transferred to revenue Inds are for the administrative support provided for Ri ent of Co-operative Governance and Traditional A	an Environment hanced local le 13,884 41,948 (41,948) 13,884 DP houses.	295 (295) - al Management evel delivery of 14,823 (939) 13,884	13,884 41,948 (41,948) 13,884	298 (298 me prioritize

Funds used for the construction of a Factory for Hazelmere Lungisa Indlela Village and to draft a land use management scheme for Shongweni Local Area Plan.

Notes to the Annual Financial Statements

		Group		Municipality	
ur	es in Rand thousand	2015	2014	2015	2014
	Government grants and subsidies (continued)				
	Donations and Public Contributions				
	Balance unspent at beginning of year	58,183	77,594	58,183	77,594
	Current-year receipts Conditions met - transferred to revenue	263 (4,034)	1,818 (21,229)	263 (4,034)	1,818 (21,229
	Conditions met - transferred to revenue	54,412	58,183	54,412	58,183
	The grants were received from various organisations development of Nandi Drive and various roads in Hillcre	to finance various dest.	evelopments, In	the prior year	this include
	Department of Arts & Culture				
	Balance unspent at beginning of year	236,617	90,856	236,617	90,856
	Current-year receipts	124,070	158,845	124,070	158,84
	Conditions met - transferred to revenue	(42,625)	(13,084)	(42,625)	(13,084
	This Grant is for the operating expenditure for libraric Central Library. The reason for underspending of funds is due to delays	318,062 es and museums and	236,617	318,062	236,61
	This Grant is for the operating expenditure for librario Central Library .	318,062 es and museums and	236,617	318,062	236,61
	This Grant is for the operating expenditure for libraric Central Library . The reason for underspending of funds is due to delays	318,062 es and museums and in construction of new	236,617 I capital expend Central Library	318,062	236,617
	This Grant is for the operating expenditure for libraric Central Library . The reason for underspending of funds is due to delays Metropolitan Transport Authority-Taxi Ranks	318,062 es and museums and in construction of new	236,617 I capital expend Central Library	318,062	236,617
	This Grant is for the operating expenditure for libraric Central Library. The reason for underspending of funds is due to delays Metropolitan Transport Authority-Taxi Ranks Funding from eThekwini Transport fund to contribute to Electricity Demand Side Management Grant Balance unspent at beginning of year	318,062 es and museums and in construction of new	236,617 I capital expend Central Library f Taxi Ranks.	318,062	236,617
	This Grant is for the operating expenditure for libraric Central Library. The reason for underspending of funds is due to delays Metropolitan Transport Authority-Taxi Ranks Funding from eThekwini Transport fund to contribute to Electricity Demand Side Management Grant Balance unspent at beginning of year Current-year receipts	318,062 es and museums and in construction of new wards the upgrading of 14,308	236,617 I capital expend Central Library f Taxi Ranks.	318,062 diture for the up	236,617 ograde of th
	This Grant is for the operating expenditure for libraric Central Library. The reason for underspending of funds is due to delays Metropolitan Transport Authority-Taxi Ranks Funding from eThekwini Transport fund to contribute to Electricity Demand Side Management Grant Balance unspent at beginning of year	318,062 es and museums and in construction of new wards the upgrading of 14,308 (11,114)	236,617 I capital expend Central Library f Taxi Ranks.	318,062 diture for the up	236,617
	This Grant is for the operating expenditure for libraric Central Library. The reason for underspending of funds is due to delays Metropolitan Transport Authority-Taxi Ranks Funding from eThekwini Transport fund to contribute to Electricity Demand Side Management Grant Balance unspent at beginning of year Current-year receipts Conditions met - transferred to revenue	318,062 es and museums and in construction of new wards the upgrading of 14,308 (11,114) 3,194	236,617 I capital expend Central Library f Taxi Ranks.	318,062 diture for the up	236,617 ograde of th 15,000 (69)
	This Grant is for the operating expenditure for libraric Central Library. The reason for underspending of funds is due to delays Metropolitan Transport Authority-Taxi Ranks Funding from eThekwini Transport fund to contribute to Electricity Demand Side Management Grant Balance unspent at beginning of year Current-year receipts Conditions met - transferred to revenue The grant was used to finance the gas-to-electricity cap	318,062 es and museums and in construction of new wards the upgrading of 14,308 (11,114) 3,194	236,617 I capital expend Central Library f Taxi Ranks.	318,062 diture for the up	236,617 ograde of th 15,000 (69)
	This Grant is for the operating expenditure for libraric Central Library. The reason for underspending of funds is due to delays Metropolitan Transport Authority-Taxi Ranks Funding from eThekwini Transport fund to contribute to Electricity Demand Side Management Grant Balance unspent at beginning of year Current-year receipts Conditions met - transferred to revenue	318,062 es and museums and in construction of new wards the upgrading of 14,308 (11,114) 3,194	236,617 I capital expend Central Library f Taxi Ranks.	318,062 diture for the up	236,617 ograde of the 15,000 (69) 14,30
	This Grant is for the operating expenditure for libraric Central Library. The reason for underspending of funds is due to delays Metropolitan Transport Authority-Taxi Ranks Funding from eThekwini Transport fund to contribute to Electricity Demand Side Management Grant Balance unspent at beginning of year Current-year receipts Conditions met - transferred to revenue The grant was used to finance the gas-to-electricity cap Infrastructure Skills Grants Balance unspent at beginning of year	318,062 es and museums and in construction of new wards the upgrading of 14,308 (11,114) 3,194 edital project.	236,617 I capital expend Central Library f Taxi Ranks. 15,000 (692) 14,308	318,062 diture for the up 14,308 (11,114) 3,194	236,617 ograde of the 15,000 (69: 14,30)
	This Grant is for the operating expenditure for libraric Central Library. The reason for underspending of funds is due to delays Metropolitan Transport Authority-Taxi Ranks Funding from eThekwini Transport fund to contribute to Electricity Demand Side Management Grant Balance unspent at beginning of year Current-year receipts Conditions met - transferred to revenue The grant was used to finance the gas-to-electricity cap Infrastructure Skills Grants Balance unspent at beginning of year Current-year receipts	318,062 es and museums and in construction of new wards the upgrading of 14,308 (11,114) 3,194 edital project.	236,617 I capital expend Central Library f Taxi Ranks. 15,000 (692) 14,308	318,062 diture for the up 14,308 (11,114) 3,194	236,617 ograde of the 15,00 (69) 14,30 7,23 18,50
	This Grant is for the operating expenditure for libraric Central Library. The reason for underspending of funds is due to delays Metropolitan Transport Authority-Taxi Ranks Funding from eThekwini Transport fund to contribute to Electricity Demand Side Management Grant Balance unspent at beginning of year Current-year receipts Conditions met - transferred to revenue The grant was used to finance the gas-to-electricity cap Infrastructure Skills Grants Balance unspent at beginning of year Current-year receipts Conditions met - transferred to revenue	318,062 es and museums and in construction of new wards the upgrading of 14,308 (11,114) 3,194 edital project.	236,617 I capital expend Central Library Taxi Ranks. 15,000 (692) 14,308 7,234 18,500 (18,534)	318,062 diture for the up 14,308 (11,114) 3,194	236,617 ograde of the 15,00 (69) 14,30 7,23 18,50 (18,53
	This Grant is for the operating expenditure for libraric Central Library. The reason for underspending of funds is due to delays Metropolitan Transport Authority-Taxi Ranks Funding from eThekwini Transport fund to contribute to Electricity Demand Side Management Grant Balance unspent at beginning of year Current-year receipts Conditions met - transferred to revenue The grant was used to finance the gas-to-electricity cap Infrastructure Skills Grants Balance unspent at beginning of year Current-year receipts	318,062 es and museums and in construction of new wards the upgrading of 14,308 (11,114) 3,194 edital project.	236,617 I capital expend Central Library f Taxi Ranks. 15,000 (692) 14,308	318,062 diture for the up 14,308 (11,114) 3,194	236,61 ograde of the 15,00 (69 14,30

Urban Settlements Development Grant

Current-year receipts Conditions met - transferred to revenue	1,800,076	1,580,999	1,800,076	1,580,999
	(1,800,076)	(1,580,999)	(1,800,076)	(1,580,999)

This grant was utilised for housing densification, water, electricity and sanitation infrastructure, sidewalks, agricultural gardens and various town centre renewals. This grant has replaced the former Municipal Infrastructure Grant.

Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

		Group		Municipa	ality
Figu	res in Rand thousand	2015	2014	2015	2014
28.	Government grants and subsidies (continued)				
	Expanded Public Works Incentive Grant				
	Balance unspent at beginning of year Current-year receipts Conditions met - transferred to revenue	5,519 34,154 (39,673)	17,885 47,381 (59,747)	5,519 34,154 (39,673)	17,885 47,381 (59,747)
		*	5,519	lus.	5,519

This grant is received from the National Department of Public Works for creating job opportunities for unemployed persons and so allowing them economic participation and resulting in poverty alleviation.

Vuna Awards

Balance unspent at beginning of year	875	1,910	875	1,910
Conditions met - transferred to revenue	-	(1,035)	-	(1,035)
	875	875	875	875

The Vuna Awards is an initiative of the Department of Provincial and Local Government, together with its partners in the coordination of development in local government, the South African Local Government Association, Development Bank of Southern Africa and the National Productivity Institute. The Vuna awards, as the awards are called, reward the municipalities that provide communities excellent services and governance.

Primary Health Care Provincial Subsidy

Current-year receipts Conditions met - transferred to revenue Accrued Receipts	51,765 (121,365) 69,600	97,088 (97,088) -	51,765 (121,365) 69,600	97,088 (97,088)
				· · · · · · · · · · · · · · · · · · ·

Municipality renders health services on behalf of the Provincial Government. This grant has been used exclusively to fund clinic services. The conditions of the grant have been met.

Public Transport Network Operations

	84,709	-	84,709	_
Current-year receipts Conditions met - transferred to revenue	120,820	71,395	120,820	71,395
	(36,111)	(71,395)	(36,111)	(71,395)

This grant is used to provide supplementary operational funding to municipalities operating approved Integrated Rapid Public transport Network/ Integrated Public Transport Network services.

The underspending of funds is mainly due to the fact that the city has not progressed to operations stage of its IRPTN.

Intergrated City Development

Current-year receipts Conditions met - transferred to revenue	52,621	9,539	52,621	9,539
	(52,621)	(9,539)	(52,621)	(9,539)
	-	-	-	-

Notes to the Annual Financial Statements

	Gro	ир		cipality
Figures in Rand thousand	2015	2014	2015	2014

28. Government grants and subsidies (continued)

The grant is used to provide financial incentive for metropolitan municipalities to integrate and focus their use of available infrastructure investment and regulatory instruments to achieve a more compact urban spatial form.

Human Settlement Capacity Grant

Current-year receipts	52,469	-	52,469	_
Conditions met - transferred to revenue	(12,489)	-	(12,489)	-
	39,980	-	39,980	*

This grant is used to build capacity in municipalities to deliver and subsidise the operational cost of administering human settlement programmes.

The reason for underspending is due to funds been received late in the financial year.

	Group		Municipality		
es in Rand thousand	2015	2014	2015	2014	
Employee related costs					
• •					
Employee related costs - Salaries and Wages	4,481,913	4,230,803	4,374,661	4,132,81	
Medical aid and Pension Benefits	1,400,290	1,099,720	1,400,290	1,099,72	
UIF	48,358	46,759	36,376	35,03	
Contribution to Provisions (Leave Pay,	255,294	603,811	254,709	603,85	
Performance Bonus, Long Service Awards)	_++,_++				
Travel, motor car, accommodation, subsistence	348,139	279,197	348,139	279,19	
and other allowances	040,100	210,107	040,100	210,10	
Overtime payments	400 500	440 470	400.000	407.00	
	466,596	440,478	463,352	437,00	
Housing benefits and allowances	17,376	16,715	17,376	16,7	
Holiday Bonus	322,537	290,544	322,537	290,54	
Other	46,782	71,133	46,782	71,0	
Less: Employee costs relating to capitalisation	(229,759)	(185,431)	(229,759)	(185,43	
and maintenance of PPE		, , ,	, ,	, ,	
	7,157,526	6,893,729	7,034,463	6,780,5	
Remuneration of the Municipal Manager - Mr. S. Sitho	ele (appointed 03/01	I/2012)			
Annual Remuneration	2 201	2 224	2 204	2.0	
	2,384	2,221	2,384	2,2	
Car Allowance	180	180	180	1:	
Performance Bonus 2012	-	82	-		
Performance Bonus 2013	-	176	-	1	
Contributions to UIF, Medical and Pension Funds	27	28	27		
Other Allowances(Subsistence, Leave cashing,	28	_	28		
Backpay)					
	2,619	2,687	2,619	2,6	
Remuneration of the Chief Finance Officer - Mr. K. A.	Kumar				
Annual Remuneration	1,311	1,227	1,311	1,22	
Car Allowance			454	4:	
			454	21	
	454	425			
Market Allowance	242	242	242	2	
Market Allowance Contributions to UIF, Medical and Pension Funds				2	
Market Allowance Contributions to UIF, Medical and Pension Funds Cellphone Allowance	242	242	242	2· 2	
Market Allowance Contributions to UIF, Medical and Pension Funds	242 304	242 292	242 304	2 2	
Market Allowance Contributions to UIF, Medical and Pension Funds Cellphone Allowance Performance Bonus 2012	242 304	242 292 18	242 304	2. 2 1	
Market Allowance Contributions to UIF, Medical and Pension Funds Cellphone Allowance Performance Bonus 2012 Performance Bonus 2013	242 304 18	242 292 18 126 124	242 304 18 -	2- 2- 1: 1: 1:	
Market Allowance Contributions to UIF, Medical and Pension Funds Cellphone Allowance Performance Bonus 2012	242 304	242 292 18 126	242 304	2- 2- 1: 1: 1:	
Market Allowance Contributions to UIF, Medical and Pension Funds Cellphone Allowance Performance Bonus 2012 Performance Bonus 2013 Other Allowances(Subsistence, Leave cashing,	242 304 18	242 292 18 126 124	242 304 18 -	24 29 11 14	
Market Allowance Contributions to UIF, Medical and Pension Funds Cellphone Allowance Performance Bonus 2012 Performance Bonus 2013 Other Allowances(Subsistence, Leave cashing,	242 304 18 - - 22	242 292 18 126 124 146	242 304 18 - - 22	2- 2- 1: 1: 1-	
Market Allowance Contributions to UIF, Medical and Pension Funds Cellphone Allowance Performance Bonus 2012 Performance Bonus 2013 Other Allowances(Subsistence, Leave cashing, Backpay) Safety and Security - Mr. C. B. Mkhize	242 304 18 - - 22	242 292 18 126 124 146 2,600	242 304 18 - - 22	2 2 1 1 1 1 2,6	
Market Allowance Contributions to UIF, Medical and Pension Funds Cellphone Allowance Performance Bonus 2012 Performance Bonus 2013 Other Allowances(Subsistence, Leave cashing, Backpay) Safety and Security - Mr. C. B. Mkhize Performance Bonuses	242 304 18 - - 22	242 292 18 126 124 146	242 304 18 - - 22	2 2 1 1 1 1	
Market Allowance Contributions to UIF, Medical and Pension Funds Cellphone Allowance Performance Bonus 2012 Performance Bonus 2013 Other Allowances(Subsistence, Leave cashing, Backpay) Safety and Security - Mr. C. B. Mkhize Performance Bonuses Contract Expired 30 June 2012.	242 304 18 - - 22	242 292 18 126 124 146 2,600	242 304 18 - - 22	2: 2: 1: 1: 1: 2,6	
Market Allowance Contributions to UIF, Medical and Pension Funds Cellphone Allowance Performance Bonus 2012 Performance Bonus 2013 Other Allowances(Subsistence, Leave cashing, Backpay) Safety and Security - Mr. C. B. Mkhize Performance Bonuses	242 304 18 - - 22	242 292 18 126 124 146 2,600	242 304 18 - - 22	2: 2: 1: 1: 1: 2,6	
Market Allowance Contributions to UIF, Medical and Pension Funds Cellphone Allowance Performance Bonus 2012 Performance Bonus 2013 Other Allowances(Subsistence, Leave cashing, Backpay) Safety and Security - Mr. C. B. Mkhize Performance Bonuses Contract Expired 30 June 2012. Health and Social Services - Dr. M. Gumede	242 304 18 - 22 2,351	242 292 18 126 124 146 2,600	242 304 18 - - 22 2,351	2. 2: 1: 1: 2,6	
Market Allowance Contributions to UIF, Medical and Pension Funds Cellphone Allowance Performance Bonus 2012 Performance Bonus 2013 Other Allowances(Subsistence, Leave cashing, Backpay) Safety and Security - Mr. C. B. Mkhize Performance Bonuses Contract Expired 30 June 2012. Health and Social Services - Dr. M. Gumede Annual Remuneration	242 304 18 - - 22 2,351	242 292 18 126 124 146 2,600 140	242 304 18 - - 22 2,351	2.6 1: 1: 2,6	
Market Allowance Contributions to UIF, Medical and Pension Funds Cellphone Allowance Performance Bonus 2012 Performance Bonus 2013 Other Allowances(Subsistence, Leave cashing, Backpay) Safety and Security - Mr. C. B. Mkhize Performance Bonuses Contract Expired 30 June 2012. Health and Social Services - Dr. M. Gumede Annual Remuneration Car Allowance	242 304 18 - 22 2,351	242 292 18 126 124 146 2,600 140	242 304 18 - - 22 2,351	2,6 1: 1: 1: 2,6	
Market Allowance Contributions to UIF, Medical and Pension Funds Cellphone Allowance Performance Bonus 2012 Performance Bonus 2013 Other Allowances(Subsistence, Leave cashing, Backpay) Safety and Security - Mr. C. B. Mkhize Performance Bonuses Contract Expired 30 June 2012. Health and Social Services - Dr. M. Gumede Annual Remuneration Car Allowance Performance Bonus 2012	242 304 18 - - 22 2,351	242 292 18 126 124 146 2,600 140	242 304 18 - - 22 2,351	2,6 1,5 1,5	
Market Allowance Contributions to UIF, Medical and Pension Funds Cellphone Allowance Performance Bonus 2012 Performance Bonus 2013 Other Allowances(Subsistence, Leave cashing, Backpay) Safety and Security - Mr. C. B. Mkhize Performance Bonuses Contract Expired 30 June 2012. Health and Social Services - Dr. M. Gumede Annual Remuneration Car Allowance Performance Bonus 2012 Performance Bonus 2012 Performance Bonus 2013	242 304 18 	242 292 18 126 124 146 2,600 140	242 304 18 - - 22 2,351 1,695 120	2,6 1: 1: 1: 2,6	
Market Allowance Contributions to UIF, Medical and Pension Funds Cellphone Allowance Performance Bonus 2012 Performance Bonus 2013 Other Allowances(Subsistence, Leave cashing, Backpay) Safety and Security - Mr. C. B. Mkhize Performance Bonuses Contract Expired 30 June 2012. Health and Social Services - Dr. M. Gumede Annual Remuneration Car Allowance Performance Bonus 2012	242 304 18 - - 22 2,351	242 292 18 126 124 146 2,600 140	242 304 18 - - 22 2,351	2,60 1,55 1,55	

		Grou	-	Municip	anty					
u	res in Rand thousand	2015	2014	2015	2014					
	Employee related costs (continued)									
	Other Allowances(Subsistence, Leave cashing,	75	60	75						
	Backpay)									
		1,948	2,062	1,948	2,0					
	Governance - Mr. S. O. Cele									
	Annual Remuneration	1,311	1,227	1,311	1,2					
	Car Allowance Performance Bonus 2012	454	425	454	4:					
	Performance Bonus 2013	-	77	-						
	Contributions to UIF, Medical and Pension Funds	200	82	-						
	Market Allowance	300 121	285	300	28					
	Cellphone Allowance	121	121 12	121 12	12					
	Other Allowances(Subsistence, Leave cashing,	51	167	51	16					
	Backpay)		107	31	10					
		2,249	2,396	2,249	2,3					
	Procurement and Infrastructure - Mr. D. Naidoo									
		-	130	-	1					
	Resigned:30 June 2012									
	Resigned:30 June 2012									
	Remuneration of the Municipal Manager - Dr. M. Sutcli	ffe (01/07/2011 - 3 ⁻	1/12/2011)							
		iffe (01/07/2011 - 3 ⁴	1/12/2011) 69	160	6					
	Remuneration of the Municipal Manager - Dr. M. Sutcli		•	160	6					
	Remuneration of the Municipal Manager - Dr. M. Sutcli Performance Bonus 2012	160	69							
	Remuneration of the Municipal Manager - Dr. M. Sutcli Performance Bonus 2012 Corporate and Human Resources - Mrs. D. P. Nene Annual Remuneration Car Allowance	160 1,554	69 1,449	1,554	1,44					
	Remuneration of the Municipal Manager - Dr. M. Sutcli Performance Bonus 2012 Corporate and Human Resources - Mrs. D. P. Nene Annual Remuneration Car Allowance Contributions to UIF, Medical and Pension Funds	160	69	1,554 108	1,44 10					
	Remuneration of the Municipal Manager - Dr. M. Sutcli Performance Bonus 2012 Corporate and Human Resources - Mrs. D. P. Nene Annual Remuneration Car Allowance Contributions to UIF, Medical and Pension Funds Other Allowances(Subsistence, Leave cashing,	1,554 108	1,449 108	1,554	1,44 10					
	Remuneration of the Municipal Manager - Dr. M. Sutcli Performance Bonus 2012 Corporate and Human Resources - Mrs. D. P. Nene Annual Remuneration Car Allowance Contributions to UIF, Medical and Pension Funds	1,554 108	1,449 108 42	1,554 108	1,44 10 2 12					
	Remuneration of the Municipal Manager - Dr. M. Sutcli Performance Bonus 2012 Corporate and Human Resources - Mrs. D. P. Nene Annual Remuneration Car Allowance Contributions to UIF, Medical and Pension Funds Other Allowances(Subsistence, Leave cashing,	1,554 108 44	1,449 108 42 122	1,554 108 44 -	1,44 10 4 12					
	Remuneration of the Municipal Manager - Dr. M. Sutcli Performance Bonus 2012 Corporate and Human Resources - Mrs. D. P. Nene Annual Remuneration Car Allowance Contributions to UIF, Medical and Pension Funds Other Allowances(Subsistence, Leave cashing, Backpay)	1,554 108 44 -	1,449 108 42 122	1,554 108 44 -	1,44 10 4 12					
	Remuneration of the Municipal Manager - Dr. M. Sutcli Performance Bonus 2012 Corporate and Human Resources - Mrs. D. P. Nene Annual Remuneration Car Allowance Contributions to UIF, Medical and Pension Funds Other Allowances(Subsistence, Leave cashing, Backpay) Appointed: 1 February 2013 Sustainable Development and City Enterprises - Dr. C. Annual Remuneration	1,554 108 44 -	1,449 108 42 122 1,721	1,554 108 44 - 1,706	1,44 10 2 12 1,72					
	Remuneration of the Municipal Manager - Dr. M. Sutcli Performance Bonus 2012 Corporate and Human Resources - Mrs. D. P. Nene Annual Remuneration Car Allowance Contributions to UIF, Medical and Pension Funds Other Allowances(Subsistence, Leave cashing, Backpay) Appointed: 1 February 2013 Sustainable Development and City Enterprises - Dr. C. Annual Remuneration Car Allowance	1,554 108 44 - 1,706	1,449 108 42 122	1,554 108 44 -	1,44 10 4 12 1,72					
	Remuneration of the Municipal Manager - Dr. M. Sutcli Performance Bonus 2012 Corporate and Human Resources - Mrs. D. P. Nene Annual Remuneration Car Allowance Contributions to UIF, Medical and Pension Funds Other Allowances(Subsistence, Leave cashing, Backpay) Appointed: 1 February 2013 Sustainable Development and City Enterprises - Dr. C. Annual Remuneration Car Allowance Contributions to UIF, Medical and Pension Funds	1,554 108 44 - 1,706 N. Moyo	1,449 108 42 122 1,721	1,554 108 44 - 1,706	1,44 10 4 12 1,72					
	Performance Bonus 2012 Corporate and Human Resources - Mrs. D. P. Nene Annual Remuneration Car Allowance Contributions to UIF, Medical and Pension Funds Other Allowances(Subsistence, Leave cashing, Backpay) Appointed: 1 February 2013 Sustainable Development and City Enterprises - Dr. C. Annual Remuneration Car Allowance Contributions to UIF, Medical and Pension Funds Car Allowance Contributions to UIF, Medical and Pension Funds Cellphone Allowance	1,554 108 44 - 1,706 N. Moyo	1,449 108 42 122 1,721	1,554 108 44 - 1,706	1,44 10 2 12 1,72 1,73					
	Remuneration of the Municipal Manager - Dr. M. Sutcli Performance Bonus 2012 Corporate and Human Resources - Mrs. D. P. Nene Annual Remuneration Car Allowance Contributions to UIF, Medical and Pension Funds Other Allowances(Subsistence, Leave cashing, Backpay) Appointed: 1 February 2013 Sustainable Development and City Enterprises - Dr. C. Annual Remuneration Car Allowance Contributions to UIF, Medical and Pension Funds	1,554 108 44 - 1,706 N. Moyo	1,449 108 42 122 1,721	1,554 108 44 - 1,706	1,44 10 2 12 1,72 1,73					
	Performance Bonus 2012 Corporate and Human Resources - Mrs. D. P. Nene Annual Remuneration Car Allowance Contributions to UIF, Medical and Pension Funds Other Allowances(Subsistence, Leave cashing, Backpay) Appointed: 1 February 2013 Sustainable Development and City Enterprises - Dr. C. Annual Remuneration Car Allowance Contributions to UIF, Medical and Pension Funds Car Allowance Contributions to UIF, Medical and Pension Funds Cellphone Allowance Other Allowances(Subsistence, Leave cashing,	1,554 108 44 - 1,706 N. Moyo	1,449 108 42 122 1,721	1,554 108 44 - 1,706	1,44 10 2 12 1,72 1,53 12 4 3					
	Performance Bonus 2012 Corporate and Human Resources - Mrs. D. P. Nene Annual Remuneration Car Allowance Contributions to UIF, Medical and Pension Funds Other Allowances(Subsistence, Leave cashing, Backpay) Appointed: 1 February 2013 Sustainable Development and City Enterprises - Dr. C. Annual Remuneration Car Allowance Contributions to UIF, Medical and Pension Funds Car Allowance Contributions to UIF, Medical and Pension Funds Cellphone Allowance Other Allowances(Subsistence, Leave cashing,	1,554 108 44 - 1,706 N. Moyo	1,449 108 42 122 1,721 1,531 120 49 30 1	1,554 108 44 - 1,706 57 4 5 1 181	1,44 10 2 12 1,72 1,53 12 4 3					
	Remuneration of the Municipal Manager - Dr. M. Sutcli Performance Bonus 2012 Corporate and Human Resources - Mrs. D. P. Nene Annual Remuneration Car Allowance Contributions to UIF, Medical and Pension Funds Other Allowances(Subsistence, Leave cashing, Backpay) Appointed: 1 February 2013 Sustainable Development and City Enterprises - Dr. C. Annual Remuneration Car Allowance Contributions to UIF, Medical and Pension Funds Cellphone Allowance Other Allowances(Subsistence, Leave cashing, Backpay)	1,554 108 44 - 1,706 N. Moyo	1,449 108 42 122 1,721 1,531 120 49 30 1	1,554 108 44 - 1,706 57 4 5 1 181	1,44 10 2 12 1,72 1,53 12 4 3					
	Remuneration of the Municipal Manager - Dr. M. Sutcli Performance Bonus 2012 Corporate and Human Resources - Mrs. D. P. Nene Annual Remuneration Car Allowance Contributions to UIF, Medical and Pension Funds Other Allowances(Subsistence, Leave cashing, Backpay) Appointed: 1 February 2013 Sustainable Development and City Enterprises - Dr. C. Annual Remuneration Car Allowance Contributions to UIF, Medical and Pension Funds Cellphone Allowance Other Allowances(Subsistence, Leave cashing, Backpay) Resigned: 11 July 2014	1,554 108 44 - 1,706 N. Moyo	1,449 108 42 122 1,721 1,531 120 49 30 1	1,554 108 44 - 1,706 57 4 5 1 181	1,44 10 4 12 1,72 1,53 12 4 3					

Notes to the Annual Financial Statements

		Grou	р	Municip	ality
igu	res in Rand thousand	2015	2014	2015	2014
9.	Employee related costs (continued)				
	Contributions to UIF, Medical and Pension Funds	22	_	_	
		1,003	2,076	70	
	Chief Executive Officer J.M.Ellingson resigned on 05 July 2014				
	Chief Executive Officer L.Rakharebe appointed 01 April 2015				
	I.C.C Remuneration of Executive Managers				
	Annual Remuneration	5,401	3,855	_	
	Contributions to UIF, Medical and Pension Funds	1,489	341	-	
		6,890	4,196	L	
	Durban Marine Theme Park			****	
	Directors Fees	485	855	_	
	Remuneration - CEO: S Thompson	-	977	-	
	Remuneration - CEO : CN Khumalo	1,749	140	-	
	Remuneration - CFO : P.VD Berg (resigned 31 October 2014)	521	1,332	-	
	Remuneration - CFO : JH Dlamuka (appointed 5 January 2015)	685	-	-	
	Remuneration - COO : PN Pillay	1,187	1,229	_	
	Remuneration of Executives	3,302	2,647	-	
		7,929	7,180	-	
•	Remuneration of councillors				
	Councillors	100,795	94,721	100,795	94,7
	Mayor	1,192	1,163	1,192	1,1
	Deputy Mayor	967	939	967	9
	Mayoral Commitee Members	8,056	8,172	8,056	8,1
	Speaker	1,054	1,000	1,054	1,0
	Councillors	88,869	82,690	88,869	82,6
	Traditional Leaders	657	757	657	7
	Total Counciliors' Remuneration	100,795	94,721	100,795	94,7

In-kind benefits

The Mayor, Deputy Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

The Mayor has three full-time bodyguards. The Deputy Mayor and speaker have two full-time bodyguards.

committee consists of 12 members. The municipality's council is made up of 205 Councillors.

· · · · · · · · · · · · · · · · · · ·	Grou	-	Municip	ality
ures in Rand thousand	2015	2014	2015	2014
Remuneration of councillors (continued)				
Mayor (1)				
Remuneration Allowances	696	697	696	6
Travelling Allowance	294	280	294	2
Cellphone Allowance	42	41	42	2
Medical Aid	51	41	51	
Pension Fund	109	104	109	
	1,192	1,163	1,192	1,
		.,,	,,,,,	•,
Deputy Mayor (1) Remuneration Allowances	564	557	504	
Travelling Allowance	238		564	
Cellphone Allowance	236 42	224	238	:
Medical Aid	42 35	41 33	42	
Pension Fund	88	84	35 88	
	967	939	967	9
Specifical (4)				
Speaker (1) Remuneration Allowances	537	544	537	
Travelling Allowance	297	286	297	
Cellphone Allowance	42	29		:
Medical Aid	94	29 61	42	
Pension Fund	84	80	94 84	
	1,054	1,000	1,054	1,
BRovered Committee BB				
Mayoral Committee Members (9) Remuneration Allowances	F 007	E 0770		
	5,097	5,270	5,097	5,
Travelling Allowance Cellphone Allowance	2,003	1,991	2,003	1,5
Medical Aid	203	209	203	:
	159	140	159	
Pension Fund	592	561	592	-
W	8,054	8,171	8,054	8,
Councillors (193)				
Remuneration Allowances	50,757	47,909	50,757	47,
Constituency Allowances	4,196	3,943	4,196	3,
Travelling Allowance	20,206	18,690	20,206	18,0
Cellphone Allowance	3,996	3,032	3,996	3,0
Medical Aid	4,090	3,791	4,090	3,
Pension Fund	5,624	5,325	5,624	5,
	88,869	82,690	88,869	82,
Traditional Leaders (18)				
Allowances	657	757	657	
Finance costs				
Non-current borrowings	897,591	828,269	897,439	818,6
Consumer Deposits	47,224	27,488	47,224	27,4
Other interest paid	5,750	1,449	8,770	4,0
				850,2
	950,565	857,206	953,433	850

Notes to the Annual Financial Statements

	Gro	1-	Munic	ipality
Figures in Rand thousand	2015	2014	2015	2014

31. Finance costs (continued)

An amount of R52.9m (2014: R78.7m) relating to borrowing costs was capitalised to work-in-progress with 9% (2014: 9%) being the weighted average cost of funds borrowed generally by the municipality.

32. Bulk purchases

	Electricity Water	6,716,137 1,662,481	6,319,701 1,519,887	6,716,137 1,662,481	6,319,701 1,519,887
		8,378,618	7,839,588	8,378,618	7,839,588
33.	Grants and subsidies paid				
	Other subsidies				
	Point Precinct Trust	2,168	2,027	2,168	2,027
	Grant paid: Enhanced Extended Discount Benefit	1,701	3,496	1,701	3,496
	Grant Paid:Sporting Organisations	54,091	46,125	54,091	46,125
	Twilanga Old Age Home	1,055	900	1,055	900
	Grant Paid:South African Association of Marine	56,595	56,469	56,595	56,469
	Biology Research		·	•	•
	Grant Paid:Playhouse Company	3,000	3,803	3,000	3,803
2	Durban Arts Association	1,150	336	1,150	336
	Grant Paid:Natal Philharmonic Orchestra	6,800	7,816	6,800	7,816
	Grant Paid:Tourism Indaba	13,495	15,658	13,495	15,658
	Grant Paid:Trade Point Durban	-	1,058	-	1,058
	Grant Paid: Food Aid Program	27,910	12,203	27,910	12,203
	Grants Paid: Other	11,807	16,242	11,807	19,109
		179,772	166,133	179,772	169,000
34.	Fair value adjustments				
	Fair value adjustment - Debtors	798	(425)	798	(425)
	Fair value adjustment - Creditors	11,556	(9,289)	11,556	(9,289)
	Fair value adjustment - Debentures	29,667	-	-	-
	Fair value adjustment - PPE	· w	196	-	66
		42,021	(9,518)	12,354	(9,648)

	Grou	р	Municip	ality
res in Rand thousand	2015	2014	2015	2014
General expenses				
Advertising	51 404	40.700	49.074	41,30
	51,181	42,780	48,971	
Auditors remuneration	23,633	24,851	22,074	23,40
Bank charges	8,276	6,728	6,704	5,12
Cleaning	22,561	25,954	20,929	24,6
Commission paid	25,774	26,551	25,670	26,20
Consulting and professional fees	66,186	45,312	61,815	40,3
Delivery expenses	3,310	3,505	3,310	3,50
Civic Entertainment	1,247	1,023	1,245	1,0
Hire	64,890	62,189	64,890	62,18
Insurance	18	50	-	
Community development and training	24,980	11,948	24,980	11,9
Conferences and seminars	5,411	2,849	5,411	2,8
IT expenses	44,080	37,510	43,383	36,9
Lease rentals on operating lease	58,828	51,446	57,632	50,0
Marketing	57,458	53,546	42,934	38,6
Levies	4,843	4,355	3,760	3,3
Magazines, books and periodicals	8,306	9,162	8,291	9,1
Medical requisites	17,026	40,580	17,026	40,5
Fuel and oil	224,194	249,531	224,160	249,4
Postage and courier	26,898	25,082	26,890	25,0
Printing and stationery	38,817	36,826	37,501	35,5
Promotions	73,123	62,905	73,123	62,9
Project maintenance costs	53,640	13,169	53,640	13,1
Research costs	13,946	11,210	13,946	11,2
Secretarial fees	61,122	55,713	57,576	53,1
Subscriptions and membership fees	20,819	15,444	20,657	15,2
Telephone and fax	61,445	58,922	60,271	57,8
Transport and freight	71,682	68,144	70,082	64,7
Training	104,025	91,258	103,868	91,1
Travel - local	25,830	20,563	25,511	20,1
Refuse	26,874	23,574	26,874	23,5
Title deed search fees	593	778	593	70,0
Stock Adjustments	14,216	6,090	13,841	5,6
Sewerage and waste disposal	52,317	49,426	52,317	49,4
Refuse Bags		76,542	101,076	76,5
Recycling	101,076			
	19,938	9,313	19,938	9,3
Tourism development	3,049	8,326	3,049	8,3
Other Sponsorships and Subsidies	8,422	4,198	8,422	4,1
Stadium Operational Costs	20,674	50,376	20,674	50,3
Urban Improvement Precincts	3,799	21,478	3,799	21,4
Safety Equipment	20,890	25,842	20,890	25,8
Contribution to the Provision for the Eradication of	1,735	11,142	1,735	11,1
Alien Vegetation				
Special Events	119,587	153,035	119,587	153,0
Venue Decorative expenses	2,760	3,140	2,760	3,1
Other expenses	416,299	323,196	368,717	281,8
	2,075,778	1,925,562	1,990,522	1,845,5

		Gro	up	Municip	pality
jure	es in Rand thousand	2015	2014	2015	2014
. (Cash generated from operations				
	Surplus	2,948,740	1,976,600	3,035,405	2,220,08
	Adjustments for:			.,,	
	Depreciation: PPE	1,859,644	1,702,430	1,790,265	1,633,63
	Gain on disposal of PPE	(49,286)	(17,168)	(49,286)	(17,09
	Loss on sale of PPE	668	656	191	19
	Loss on Impairment: Investment Properties	9,236	-	9,236	
	Depreciation: Investment Properties	4,551	4,544	1,860	1,84
	Share of Income from Joint Venture	7,001		(4,969)	(15.08
	Fair value adjustments	(42,021)	9,518	(12,354)	9,64
	Amortisation: Intangible assets	56,784	43,789	55,631	42,86
	Contribution to provisions	70,488	419,367	68,607	419,2
	Impairment deficit	8,664	11,625	8,664	11,62
	Debt impairment	2,079,360			
	Reversal of Impairment		1,618,726	2,079,580	1,617,1
	Movements in retirement benefit assets and	(3,782)	(314)	(3,782)	(3)
	liabilities	159,137	(73,123)	159,137	(73,12
	(Reversal of) Loss on impairment of investment in Municipal entity	-	-	(84,631)	(211,6
	Donations received: PPE	(2,076)	(706)	(2,076)	(70
	Changes in working capital:	, , ,	• • •	, , ,	,
	Inventories	(89,126)	(82,160)	(75,331)	(85,1
	Receivables from exchange transactions	(192,849)	(1,488,030)	(1,602,598)	(983,5
	Consumer debtors	(726,440)	(563,045)	(722,910)	(563,8
	Other receivables from non-exchange transactions	(1,613,003)	143,102	(192,717)	(199,70
	Prepayments	174	(835)	_	
	Payables from exchange transactions	(496,517)	883,614	(509,275)	886,3
	VAT	65,062	(76,850)	64.047	(77,0
	Unspent conditional grants and receipts	(202,463)	288,982	(202,463)	288,98
	Consumer deposits	179,512	239,299	181,867	236,6
		4,024,457	5,040,021	3,992,098	5,140,87

Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

		Grou	p	Municip	ality
ures	in Rand thousand	2015	2014	2015	2014
C	ommitments				
С	commitments in respect of capital expenditure				
A	ppoved and contracted for:			0.070.400	4.004.445
•	Infrastructure	3,678,138	4,661,143	3,678,138	4,661,143
•	Community	76,448	15,410	76,448	15,410
•	Land and Buildings	246,428	235,107	246,428	235,107
•	Other	860,710	1,806,567	860,710	1,793,476
		4,861,724	6,718,227	4,861,724	6,705,136
Α	pproved but not yet contracted for:				
•	Infrastructure	446,553	202,781	446,553	202,78
•	Community	36,146	64,804	36,146	64,80
•	Land and Buildings	40,793	149,110	40,793	149,110
•	Other	450	15,853	450	15,853
***		523,942	432,548	523,942	432,548

Included in the Other Capital Commitments figure for Housing is Housing Agency commitments amounting to R 787million (2014: R1 687.6million).

Financial Commitments:

Debenture held in Durban Marine Theme Park

R90million

Included in the liability of R129.9million (refer to note 16) is a debenture held in Durban Marine Theme Park which is convertible at the option of the holder into ordinary shares. Council has resolved to settle the liability on behalf of the Durban Marine Theme Park in 2 tranches of R45 million each (November 2015 and March 2016) in exchange of equity. This was the final offer by DBSA after lengthy negotiations. Based on the commitment by Council the R90 Million has therefore been reclassified from contigent liabilities to financial commitments.

Operating leases - as lessor (income)

-	-
-	-
	-

<u>Durban Marine Theme Park Pty (Ltd)</u>:The operating leases relate to rental contracts derived from Ushaka Village Walk. The lease agreements were entered into on various dates and will be operational for varying periods, the last expiring on 30 June 2020. For the purposes of calculating the lease commitments, options to renew the leases on expiry have been ignored. The rental escalation percentage varies from lease to lease, the average being approximately 6%.

Municipality: Rental Income recognised from operating leases have not been accounted for on the straight-line basis over the lease terms for the following reasons: Approximately 50% of lease income is short term i.e. the lease is terminable at 1 to 3 months notice; Approximately 45% of long term lease income is based on turnover i.e. subjective and not fixed. Lease income is recognised as it accrues. The straight-lining of lease income is considered not to provide a fair reflection of income from leases.

Operating leases - as lessee (expenditure)

Minimum lease payments due - within one year - in second to fifth year inclusive - later than five years	73,018	105,451	50,040	36,715
	130,906	128,070	94,950	67,198
	4,165	4,350	4,165	4,350
	208,089	237,871	149,155	108,263

Notes to the Annual Financial Statements

Land Affiliation of the control of t	Grou	р	Municip	ality
ures in Rand thousand	2015	2014	2015	2014
. Commitments (continued)				<u></u>
Operating Commitments				
Commitments Payable - within one year - within two to three years - after three years	1,319,073 1,145,313 11,185	1,588,816 693,137 18,930	1,306,738 1,145,313 11,185	1,585,052 693,137 18,930
	2,475,571	2,300,883	2,463,236	2,297,119

Included above is Operating Commitments for Security Management. The Contract terminates on 31 October 2015. A contract has not been entered into for the period thereafter. The three year budget forecasts for Security Management costs is R485.1m, R523.4m and R567.8m respectively.

		Grou	p (Municip	anty
re	es in Rand thousand	2015	2014	2015	2014
,	Contingencies				
	Contracted Disputes	734,915	130,040	734,915	130,040
`	Various departments within the municipality have R734m is an amount of R528m which was reflecte	e price disputes with cert	ain contractors. the prior year.	Included in t	he amount
	Self Insurance Reserve	304,540	79,067	304,540	79,06
	Various claims submitted to the Insurance departm such claims is disclosed.	nent of the municipality are	under dispute.	The estimated I	iability of
	Property Rates	355,464	3,949	355,464	3,94
1	During the implementation of the Municipal Proper the property valuations used in the computation of resolved. Ratepayers that were dissatisfied with the the MPRA. The appeals process has commence revenue recognised for the year will have to be re-	of their property rates cha he results of the response ed. If the ratepayers are	rge. These obje had the right to	ctions were involved an appe	restigated a eal in terms
	Bank Guarantees	66,660	75,354	66,660	75,35
	These guarantee's are issued in favour of the follo - The Member(s), Jeena's Warehouse Close Corp - S.A. Post Office: R76 000 (Standard Bank) dated - S.A. Post Office: R1.9m (Standard Bank) dated	oration: R3.6m (Standard d 14 October 1997; d August 1997;	Bank) dated 19 l	May 1999;	
	- The Member(s), Jeena's Warehouse Close Corp - S.A. Post Office: R76 000 (Standard Bank) dated	oration: R3.6m (Standard d 14 October 1997; d August 1997;		May 1999; ndard	Ban
	 The Member(s), Jeena's Warehouse Close Corp S.A. Post Office: R76 000 (Standard Bank) dated S.A. Post Office: R1.9m (Standard Bank) dated ESKOM Holdings: R7 800 (Standard Bank) dated 	oration: R3.6m (Standard d 14 October 1997; d August 1997; d 1 November 2011;			
	 The Member(s), Jeena's Warehouse Close Corp S.A. Post Office: R76 000 (Standard Bank) dated S.A. Post Office: R1.9m (Standard Bank) dated ESKOM Holdings: R7 800 (Standard Bank) dated Compensation 	oration: R3.6m (Standard 14 October 1997; August 1997; 15 August 1997; 16 1 November 2011; R61m 284,404	(Sta	ndard 284,404	904,88
	- The Member(s), Jeena's Warehouse Close Corp - S.A. Post Office: R76 000 (Standard Bank) dated - S.A. Post Office: R1.9m (Standard Bank) dated - ESKOM Holdings: R7 800 (Standard Bank) dated - Compensation Commissioner: Legal Claims Various claims submitted to the legal department	oration: R3.6m (Standard 14 October 1997; August 1997; 15 August 1997; 16 1 November 2011; R61m 284,404	(Sta	ndard 284,404	904,88
	- The Member(s), Jeena's Warehouse Close Corp - S.A. Post Office: R76 000 (Standard Bank) dated - S.A. Post Office: R1.9m (Standard Bank) dated - ESKOM Holdings: R7 800 (Standard Bank) dated - Compensation Commissioner: Legal Claims Various claims submitted to the legal department liability of such claims, should the claimant be such	oration: R3.6m (Standard 14 October 1997; August 1997; 15 August 1997; 16 1 November 2011; R61m 284,404	(Sta 904,888 the process of b	ndard 284,404	Ban 904,88 The estimat
	- The Member(s), Jeena's Warehouse Close Corp - S.A. Post Office: R76 000 (Standard Bank) dated - S.A. Post Office: R1.9m (Standard Bank) dated - ESKOM Holdings: R7 800 (Standard Bank) dated - Compensation Commissioner: Legal Claims Various claims submitted to the legal department liability of such claims, should the claimant be suc Legal disputes relate to: -Rates dispute: R5m; -Value of compensation in respect of expropriation	oration: R3.6m (Standard 14 October 1997; August 1997; 15 August 1997; 16 1 November 2011; R61m 284,404	(Sta 904,888 the process of b	ndard 284,404	904,88

		Gı	oup	Municipa	lity
igu	res in Rand thousand	2015	2014	2015	2014
0.	Related parties				
v.	Netated parties				
	Relationships Municipal entities (refer to note 13)	ICC D	urban (Pty)Ltd	Park SOC Limited	
	Joint ventures (refer to note 14) Councillor/Official with significant influence	River Durba Truste M.E.B N.N.N S.Z.XI J.Balv	es : ayeni - Councillo Iyanisa - Councillo ulu - Councillor vanth - Council C	nt Venture Development Trust r or official	
		P.N.N	nbe - Independe gcobo - Indepen junandan - Indep	dent 3rd Party endent 3rd Party	
	Related party balances				
	Loan accounts - Owing by related parties Durban Infrastructural Development Trust ICC (Proprietary) Limited			156,583 226,590	156,583 226,590
				383,173	383,173
	Durban Marine Theme Park (Proprietary) Limited Amounts included in Trade Payable regarding related part	ies		1,576 3,239	2,254 3,419 7,164
	I.C.C. Durban (Proprietary) Limited Ethekwini Transport Authority			2,608 53,372	55,534
				55,980	62,698
	Consumer Deposits Paid i.C.C Durban(Proprietary) Limited			1,435	1,409
	Other Related Party Asset I.C.C Durban(Proprietary) Limited			-	2,695
	Related party transactions				
	Sales to related parties I.C.C. Durban (Proprietary) Limited:				
	Electricity			9,704 1,458	9,35 1,71
	Water Refuse			751	61
	Gross Rates			5,317	5,37
	Durban Marine Theme Park (Proprietary) Limited Electricity			18,796	18,19
	Water			6,288	5,14
	Waste			1,042 741	930 1,42
	Insurance Advance Fire Training			-	4,23
	Rates			3,614	
	Riverhorse Valley Joint Venture Electricity and Water			69	(

		Gro	up	Municip	ality	
ur	es in Rand thousand	2015	2014	2015	2014	
	Related parties (continued)					
	Income from Joint Venture			4,969	15,083	
	Purchases from related parties					
	I.C.C. Durban (Proprietary) Limited: General Expenses			26,587	27,441	
	Durban Marine Theme Park (Proprietary) Limited General Expenses			1,601	6,738	
	Ethekwini Transport Authority General Expenses			3,051	2,610	
	Grant-in-Aid			- 5,051	2,867	
	Purchases from Riverhorse Valley Joint Venture					
	General Expenses			102	-	
	I.C.C. Durban (Proprietary) Limited - own related party tra Sales to Z. Msimang (Ikhono Communications CC)	nsactions:		520	1,179	
	Purchases from N. Elia-Beissel (Wild Water Bottling and Disi Commission paid to Z. Msimang (Ikhono Communications Comm			17	40	
	Prior year adjustments					
	The following adjustments all relate to corrections of prior-year	ar errors.				
	Consumer Debtors					
	Balance previously reported	-	2,879,048	-	2,882,059	
	Rates adjustments - prior to 2013/14	-	32,036	-	32,036	
	Rates adjustments - 2013/14	-	54,689	-	54,689	
		-	2,965,773	-	2,968,784	
	Payables from exchange transactions					
	Balance previously reported	-	5,733,200	-	5,740,769	
	Accrual for Security payments - prior to 2013/14	-	17,275	-	17,275	
	Accrual for Security payments - 2013/14		23,383	→	23,383	
	VAT relating to Security payments accrual - 2013/14	-	5,202	-	5,202	
	Human Resources Payroll adjustment - prior to 2013/14	-	(2,305)	-	(2,305	
	Housing Development Fund accrual adjustment - 2013/14	-	(405)	-	(405	
	Accruals adjustments - prior to 2013/14	_	(4,059)	_	(4,059	
	Accruals adjustments - 2013/14	_	(1,487)	_	(1,487	
	Ushaka - Accruals adjustment - prior to 2013/14	· -	(2,854)	-	· · · · · · · · · · · · · · · · · · ·	
			5,767,950	_	5,778,373	

		Gr	Group		Municipality	
ıre	s in Rand thousand	2015	2014	2015	2014	
Ŧ	Prior year adjustments (continued)					
ı	Property, Plant and Equipment					
1	Balance previously reported	-	38,113,209	_	37,084,49	
1	Adjustments: Various - prior to 2013/14	-	(48,661)	-	(48,53	
1	Adjustments: Depreciation - 2013/14	-	(20,067)	-	(20,06	
1	Adjustments: Disposals - 2013/14	-	(565)	-	(56	
1	Adjustments: Impairment - 2013/14	-	190	-	19	
	andfill sites rehabilitation adjustment - prior to 2013/14	_	1,986	-	1,98	
	Housing Development Fund adjustment - prior to 2013/14	-	(5)	-	(
	ransfer to Heritage assets from Infrastructure - prior to 2013/14	-	(2,526)	-	(2,52	
		_	38,043,561		37,014,96	
•						
	nventories					
-	Balance previously reported		389,622	~		
	Balance previously reported Stock adjustment - prior to 2013/14	-	(34,383)	1	(34,38	
	Balance previously reported	•		-	(34,38	
	Balance previously reported Stock adjustment - prior to 2013/14		(34,383) (23,455)	-	(34,38 (23,44	
	Balance previously reported Stock adjustment - prior to 2013/14 Stock adjustment - 2013/14		(34,383) (23,455)	-	(34,38 (23,44	
	Balance previously reported Stock adjustment - prior to 2013/14 Stock adjustment - 2013/14 Heritage Assets Balance previously reported		(34,383) (23,455) 331,784	-	(34,38 (23,44 284,08	
	Balance previously reported Stock adjustment - prior to 2013/14 Stock adjustment - 2013/14 Heritage Assets		(34,383) (23,455)	- - -	(34,38 (23,44 284,08 10,51	
	Balance previously reported Stock adjustment - prior to 2013/14 Stock adjustment - 2013/14 Heritage Assets Balance previously reported		(34,383) (23,455) 331,784 10,512 2,526	-	(34,38 (23,44 284,08 10,51 2,52	
	Balance previously reported Stock adjustment - prior to 2013/14 Stock adjustment - 2013/14 Heritage Assets Balance previously reported Fransfer from PPE Infrastructure - prior to 2013/14	-	(34,383) (23,455) 331,784 10,512 2,526	-	(34,38 (23,44 284,08 10,51 2,52	
	Balance previously reported Stock adjustment - prior to 2013/14 Stock adjustment - 2013/14 Heritage Assets Balance previously reported Fransfer from PPE Infrastructure - prior to 2013/14	-	(34,383) (23,455) 331,784 10,512 2,526 13,038	-	(34,38 (23,44 284,08 10,51 2,52 13,03	
	Balance previously reported Stock adjustment - prior to 2013/14 Stock adjustment - 2013/14 Heritage Assets Balance previously reported Fransfer from PPE Infrastructure - prior to 2013/14 Intangible Assets Balance previously reported	-	(34,383) (23,455) 331,784 10,512 2,526 13,038 773,544	-	(34,38 (23,44 284,08 10,51 2,52 13,03 771,84	
	Balance previously reported Stock adjustment - prior to 2013/14 Stock adjustment - 2013/14 Heritage Assets Balance previously reported Fransfer from PPE Infrastructure - prior to 2013/14	-	(34,383) (23,455) 331,784 10,512 2,526 13,038	-	341,91 (34,38 (23,44 284,08 10,51 2,52 13,03 771,84 78	

	Gro	<u> </u>		ipality
res in Rand thousand	2015	2014	2015	2014
Prior year adjustments (continued)				
Accumulated Surplus				
Balance previously reported	-	29,346,324	_	28,930,78
PPE adjustments: Various - prior to 2013/14	_	(48,537)	_	(48,53
PPE adjustments: Depreciation - 2013/14	-	(20,067)	_	(20,06
PPE adjustments: Disposals - 2013/14	_	(565)	_	(56
PPE adjustments: Impairment - 2013/14		190	_	19
Landfill sites rehabilitation adjustment - prior to	_	452		45
2013/14				
Intangibles adjustments: Various - prior to 2013/14		787	-	78
Intangibles adjustments: Amortisation - 2013/14	_	31	_	3
Consumer Debtors: Rates adjustments - prior to	_	32,036	_	32,03
2013/14		32,000		02,00
Consumer Debtors: Rates adjustments - 2013/14	_	54,689	-	54,68
Payables from exchange transactions: Accrual for	_	(17,275)	_	(17,27
Security payments - prior to 2013/14		, , ,		, ,— .
Payables from exchange transactions: Accrual for	₩	(23,383)	-	(23,38
Security payments - 2013/14		. , ,		\
Payables from exchange transactions: Human		2,305		2,30
Resources Payroll adjustment - prior to 2013/14		,		,
Receivables from exchange transactions: Accrual	-	307	-	30
for Sponsorship Income - prior to 2013/14				
Receivables from exchange transactions: Accrual	-	292	-	29
for Sponsorship Income - 2013/14				
Inventories: Stock adjustment - prior to 2013/14	<u>.</u>	(34,383)	-	(34,38
Inventories: Stock adjustment - 2013/14	-	(23,446)	_	(23,44
Housing Development Fund: Accruals adjustment - 2013/14	-	405	-	` 40
Housing Development Fund: PPE adjustment - 2013/14	-	(5)	-	(
Housing Development Fund: Transfer adjustment - 2013/14	-	(400)	-	(40
Payables from exchange transactions: Accruals adjustments - prior to 2013/14	-	4,059	-	4,05
Payables from exchange transactions: Accruals adjustments - 2013/14	-	1,487	-	1,48
Cash and cash equivalents: Cash takings adjustment - 2013/14	-	(35)	-	(3
VAT adjustment - prior to 2013/14	-	(520)	-	(52
Ushaka - Accruals adjustment - prior to 2013/14	-	2,854	-	
	-	29,277,602		28,859,20
Housing Development Fund				
Balance previously reported		470.004		470.00
Payables from exchange transactions: Accruals	-	170,364 405	-	170,36
adjustment - 2013/14	_	405	-	40
PPE adjustment - prior to 2013/14		(E)		,
T L dajasanon - phor to 2019/14		(5)		(
	-	170,764	-	170,76
Cash and Cash Equivalents				
Balance previously reported	-	1,067,314	-	996,02
Cash takings adjustment - 2013/14	-	(35)	-	(3
	-	1,067,279	-	995,99

		Group		Municipa	lity
ur	es in Rand thousand	2015	2014	2015	2014
	Prior year adjustments (continued)				
	Receivables from exchange transactions				
	Balance previously reported	_	2,576,289	-	2,561,688
	Accrual for Sponsorship Income - prior to 2013/14		307	_	307
	Accrual for Sponsorship Income - 2013/14	<u></u>	292	_	292
	VAT adjustment - 2013/14	_	87	_	87
	VIII adjudantini 2010111	-	2,576,975	-	2,562,374
			, , , , , , , , , , , , , , , , , , , ,	···	
	VAT receivable		94,464	_	95,765
	Balance previously reported	-	5,202	_	5,202
	VAT relating to Security payments accrual - 2013/14	**	5,202	_	
	Receivables from exchange transactions adjustment - 2013/14	-	(87)	-	(87
	Accumulated Surplus - prior to 2013/14	-	(520)	-	(520
		-	99,059		100,360
	Provisions - Non-current Liabilities		700 405		720 166
	Balance previously reported	-	739,165	-	739,165 1,534
	Landfill sites rehabilitation adjustment - prior to 2013/14	-	1,534	-	1,002
		•	740,699	-	740,699
	Additional disclosure in terms of Municipal Finance N		740,699	_	740,699
Ì	Additional disclosure in terms of Municipal Finance N Contributions to organised local government		740,699	-	740,699
1	Contributions to organised local government	lanagement Act	10,400	10,264	10,400
•		lanagement Act			10,400
i	Contributions to organised local government Current year subscription	lanagement Act	10,400	10,264	10,400
•	Contributions to organised local government Current year subscription	lanagement Act	10,400	10,264	10,400
ı	Contributions to organised local government Current year subscription Amount paid - current year Audit fees	lanagement Act	10,400 (10,400) -	10,264 (10,264)	10,400 (10,400
	Contributions to organised local government Current year subscription Amount paid - current year Audit fees Opening balance	10,264 (10,264) -	10,400 (10,400) - - 30 13,971	10,264 (10,264) - - 14,158	10,400 (10,400 13,97
	Contributions to organised local government Current year subscription Amount paid - current year Audit fees Opening balance Previous year fees	10,264 (10,264)	10,400 (10,400) -	10,264 (10,264) - - 14,158 5,274	10,400 (10,400 13,97
•	Contributions to organised local government Current year subscription Amount paid - current year Audit fees Opening balance Previous year fees Current year fees	10,264 (10,264) -	10,400 (10,400) - 30 13,971 5,515 (5,515)	10,264 (10,264) - 14,158 5,274 (5,274)	10,400 (10,400 13,97 4,103 (4,103
	Contributions to organised local government Current year subscription Amount paid - current year Audit fees Opening balance Previous year fees Current year fees Amount paid - current year	10,264 (10,264) - 6,798 14,158	10,400 (10,400) - 30 13,971 5,515	10,264 (10,264) - - 14,158 5,274	10,400 (10,400 13,97 4,103 (4,103
•	Contributions to organised local government Current year subscription Amount paid - current year Audit fees Opening balance Previous year fees Current year fees	10,264 (10,264) - 6,798 14,158 (6,798)	10,400 (10,400) - 30 13,971 5,515 (5,515)	10,264 (10,264) - 14,158 5,274 (5,274)	10,400 (10,400 13,977 4,103 (4,103
	Contributions to organised local government Current year subscription Amount paid - current year Audit fees Opening balance Previous year fees Current year fees Amount paid - current year	10,264 (10,264) - 6,798 14,158 (6,798) (14,158)	10,400 (10,400) - 30 13,971 5,515 (5,515) (14,001)	10,264 (10,264) - 14,158 5,274 (5,274)	10,400 (10,400 13,97 4,103 (4,103
•	Contributions to organised local government Current year subscription Amount paid - current year Audit fees Opening balance Previous year fees Current year fees Amount paid - current year Amount paid - previous years	10,264 (10,264) - 6,798 14,158 (6,798) (14,158)	10,400 (10,400) - 30 13,971 5,515 (5,515) (14,001)	10,264 (10,264) - 14,158 5,274 (5,274)	10,400 (10,400 13,971 4,103 (4,103 (13,971
	Contributions to organised local government Current year subscription Amount paid - current year Audit fees Opening balance Previous year fees Current year fees Amount paid - current year Amount paid - previous years	10,264 (10,264) - 6,798 14,158 (6,798) (14,158)	10,400 (10,400) - 30 13,971 5,515 (5,515) (14,001)	10,264 (10,264) - 14,158 5,274 (5,274) (14,158)	10,400 (10,400 13,97 4,103 (4,103 (13,97

Notes to the Annual Financial Statements

	Grou)	Municipa	ality			
es in Rand thousand	2015	2014	2015	2014			
Additional disclosure in terms of Municipal Finance Management Act (continued)							
Pension and Medical Aid Deductions							
Opening balance	902	821	_				
Current year expenditure	1,732,208	1,699,686	1,713,896	1,684,300			
Amount paid - current year : Defined Benefit Pension Fund	(228,180)	(273,213)	(228,180)	(273,213			
Amount paid - current year : Defined Contribution Pension Fund	(884,950)	(768,217)	(873,030)	(759,002			
Amount paid - current year : Medical Aid	(619,078)	(657,354)	(612,686)	(652,085			
Amount paid - previous years : Defined	(902)	(539)	-	•			
Contribution Pension Fund	(/	` '					
Amount paid - previous years : Medical Aid	_	(282)	-				
	-	902	-				
VAT							
VAT received for the year	447,126	366,349	422,656	366,349			
VAT paid	(35,667)	(11,935)	(33,947)	(10,803			
	411,459	354,414	388,709	355,540			

VAT output payables and VAT input receivables are shown in note 5.

All VAT returns have been submitted by the due date throughout the year.

Notes to the Annual Financial Statements

	Group		Municipality	
Figures in Rand thousand	2015	2014	2015	2014

42. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days during the financial year ended June 30, 2015:

June 30, 2015	Amount Month outstanding (Rands)			
Councillor Abegail Nomthandazo Shabalala	514 Mar-15			
Councillor Barbar Fortein	59 Mar-15			
Councillor Bhekisisa Hlongwa	403 Jun-15			
Councillor Bhekisisa Ngwane	957 Mar-15			
Councillor Bongani Diamini	375 Nov-14			
Councillor Bongani Mpungose	28 June-15			
Councillor Bonke Chili	933 Feb-15			
Councillor Bradley Singh	781 Aug-14			
Councillor Bridget Ntshangase	50 Mar-15			
Councillor Conrad Dlamini	716 Feb-15			
Councillor Danova Pillay	502 Nov-14			
Councillor Dennis Shozi	3,812 Jun-15			
Councillor Hendrick Cele	9,977 Jun-15			
Councillor Hlengiwe Biyela	36 Apr-15			
Councillor Hubane Maphumulo	64 Feb-15			
Councillor Joice cele	501 Jun-15			
Councillor Lucky Mngwengwe	256 Apr-15			
Councillor Mandlenkosi Xhakaza	284 Jun-15			
Councillor Marcus Zungu	144 Jul-14			
Councillor Mduduzi Bayeni	5,304 Nov-14			
Councillor Mduduzi Gumede	249 Dec-14			
Councillor Mduduzi Ngcobo	210 Jun-15			
Councillor Mduduzi Nkosi	2,684 Dec-14			
Councillor Melta Mthembu	744 Jun-15			
Councillor Muzimenyanga Dladla	59 Feb-15			
Councillor Nelisiwe Nyanisa	519 Jun-15			
Councillor Nhlanhla Khawula	519 Apr-15			
Councillor Nokuthula Makhanya-Sibiya	232 Nov-14			
Councillor Nompumelelo Mabaso	3,819 Nov-14			
Councillor Nomvuso Shabalala	175 Nov-14			
Councillor Obed Ngcobo	66 Jun-15			
Councillor Peter Davis	3,886 Aug-14			
Councillor Pragalathan Naidoo	6,254 Dec-14			
Councillor Primrose Hlengwa	3,289 May-15			
Councillor Professor Sibiya	54 Jun-15			
Councillor Sarojini Govender	12,452 Aug-14			
Councillor Simingayesonke Mcoyi	278 Mar-15			
Councillor Stanley Buthelezi	765 May-15			
Councillor Themba Ncane	48 Jun-15			
Councillor Thereza Nzuza	27,235 Jun-15 53 Feb-15			
Councillor Vusi Gebashe	74 May-15			
Councillor Zanele Ndzoyiya	2,040 Jun-15			
Councillor Ziphathele Nzama	91,400			
	,			
June 30, 2014	Amount Month outstanding			
	(Rands)			
O HI AL TALL THE PART OF THE STATE	(Railos) 6,497 Jun-14			
Councillor Abegail Nomthandazo Shabalala	0,437 3411-14			

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Notes to the Annual Financial Statements

Group		Municipality		
res in Rand thousand	2015	2014	2015	2014
Additional disclosure in terms of Municip	pal Finance Management Act	(continued)		
Councillor Barbar Fortein			69	Apr-14
Councillor Bhekisisa Ngwane			5,792	Jun-14
Councillor Conrad Diamini			3,232	Feb-14
Councillor Danova Pillay			495	Jun-14
Councillor Dennis Shozi			1,895	Jun-14
Councillor Divas Mncwabe			26	May-14
Councillor GS Ngcobo			548	Aug-13
Councillor Hendrick Cele			12,692	Jun-14
Councillor Hubane Maphumulo			682	Jun-14
Councillor James Nxumalo			3,154	Apr-14
Councillor Japhet Dlamini			1,679	May-14
Councillor Joice Cele			219	Jun-14
Councillor Mary Jane Ntshangase			29	Sep-13
Councillor Mduduzi Bayeni			511	Jun-14
Councillor Mduduzi Ngcobo			622	Jun-14
Councillor Mduduzi Nkosi			4,743	May-13
Councillor Melta Mthembu			565	Feb-14
Councillor Mfanufikile Cele			293	Dec-13
Councillor Mhlabunzima Bhengu			715	Dec-13
Councillor MM Ngiba			3,978	Oct-13
Councillor MK Ndzimbomvu			31	Sep-13
Councillor Muzimenyanga Dladla			141	Jun-14
Councillor Nelisiwe Nyanisa			7,009	Jun-14
Councillor Ngwazi				Sep-13
Councillor Nokuthula Makhanya(Sibiya)			22	Nov-13
Councillor Nompumelelo Mabaso			14,106	Jun-14
Councillor Octavia Mthembu			14,865	Jun-14
Councillor P Padayachee			152	Jun-14
Councillor Pragalathan Naidoo			5,352	Jun-14
Councillor Professor Sibiya			362	Jun-14
Councillor Sibusiso Gumede				Feb-14
Councillor Stanley Buthelezi				Jun-14
Councillor Themba Ncane				May-14
Councillor Theresa Nzuza				Nov-13
Councillor Valelisa Qulo				Feb-14
Councillor Vusi Gebashe				May-14
Councillor ZRT Gumede				Dec-13
Councillor ZS Ndzoyiya			879	Jun-14
·			97,775	

43. Comparative figures

Certain comparative figures have been restated (refer note 41 for details).

Notes to the Annual Financial Statements

Group		Municipality		
res in Rand thousand	2015	2014	2015	2014
Additional disclosure in terms of Municipal Fi	nance Management Act ((continued)		
Councillor Barbar Fortein	.		69	Apr-14
Councillor Bhekisisa Nowane			5.792	Jun-14
Councillor Conrad Dlamini			3,232	Feb-14
Councillor Danova Pillay				Jun-14
Councillor Dennis Shozi				Jun-14
Councillor Divas Mncwabe				May-14
Councillor GS Ngcobo				Aug-13
Councillor Hendrick Cele				Jun-14
Councillor Hubane Maphumulo				Jun-14
Councillor James Nxumalo				Apr-14
Councillor Japhet Dlamini				May-14
Councillor Joice Cele				Jun-14
Councillor Mary Jane Ntshangase				Sep-13
Councillor Mduduzi Bayeni				Jun-14
Councillor Mduduzi Ngcobo				Jun-14
Councillor Mduduzi Nkosi				May-13
Councillor Melta Mthembu				Feb-14
Councillor Mfanufikile Cele				Dec-13
Councillor Mhlabunzima Bhengu			715	Dec-13
Councillor MM Ngiba			3,978	Oct-13
Councillor MK Ndzimbomvu			31	Sep-13
Councillor Muzimenyanga Dladla			141	Jun-14
Councillor Nelisiwe Nyanisa			7.009	Jun-14
Councillor Ngwazi			20	Sep-13
Councillor Nokuthula Makhanya(Sibiya)				Nov-13
Councillor Nompumelelo Mabaso			14,106	Jun-14
Councillor Octavia Mthembu			14,865	Jun-14
Councillor P Padayachee			152	Jun-14
Councillor Pragalathan Naidoo			5,352	Jun-14
Councillor Professor Sibiya			362	Jun-14
Councillor Sibusiso Gumede			1,050	Feb-14
Councillor Stanley Buthelezi			1,853	Jun-14
Councillor Themba Ncane				May-14
Councillor Theresa Nzuza				Nov-13
Councillor Valelisa Qulo				Feb-14
Councillor Vusi Gebashe				May-14
Councillor ZRT Gumede				Dec-13
Councillor ZS Ndzoyiya			879	Jun-14
			97,775	

43. Comparative figures

Certain comparative figures have been restated (refer note 41 for details).

		Gro	ир	Munici	oality
res in Rand thousand		2015	2014	2015	2014
Deviation from supply chain managem	ent regulations (d	continued)			
In any other exceptional case where it is impractical or impossible to follow the official procurement processes	36(1)(a)(v)	144	58.06	792,560	84.55
Minor deviation from the standard process	36(1)(b)	29	11.69	4,698	0.50
		248		937,337	
Municipality - 2014 : Categories per SCM regulations	SCM Regulation Reference	Number of cases	% of Total \	/alue (R000's)	% of Rand Value
In an emergency	36(1)(a)(i)	23	2.65 %	124,134	7.42
If such goods or services are produced or available from a single provider only	36(1)(a)(ii)	40	4.60 %	206,800	12,35
For the acquisition of special works of art or historical objects where specifications are difficult to compile	36(1)(a)(iii)	3	0.34 %	630	0.04
Acquisition of animals for zoos	36(1)(a)(iv)	1	0.12 %	26	0.01
In any other exceptional case where it is impractical or impossible to follow the official procurement processes	36(1)(a)(v)	789	90.79 %	835,064	49.91
Minor deviation from the standard process	36(1)(b)	13	1.50 %	506,547	30.27
		869		1,673,201	

Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

	Group		Municipality	
Figures in Rand thousand	2015	2014	2015	2014

45. Material losses

Water:

The Non-Revenue Water (NRW) Branch is responsible for monitoring the NRW situation at eThekwini Water and Sanitation (EWS) and reporting thereon, providing strategic direction for the Unit to reduce losses as well as implementing a number of programmes to reduce losses on a wide scale. The primary objective of the NRW reduction activities is to reduce the NRW levels to a targeted and sustained value of 25% by volume (420 litres/connection/day total water losses) by June 2019.

Water losses of 134 333 086 kl (2013/2014: 131 021 634 kl) occurred during the year under review, which resulted in revenue losses to the municipality. The estimated water losses amounting to R669,0m (2013/2014: R602,6m) were due mainly to illegal connections and deteriorating infrastructure. The non-revenue water volume increased from 39.4% in 2013/14 to 39.7% in 2014/15. Based on a Water Research Commission Report TT512/12, (using 2010 data) the current South African NRW average is 36.8% whilst the African average is 38.0%.

An estimated deemed authorised consumption of 31 369kl/day is being consumed in the informal settlements in the eThekwini Municipality and a programme is underway to meter and monitor this consumption. The municipality is compensated for this water consumption via the Equitable Share. If this volume had been included in the 2014/15 financial year, the reported NRW% would be 36,2% and the water losses would be 122 295 885 kl.

In terms of MFMA circular 71 the norm for water losses is between 15% and 30%. The Municipality's losses are 9.7% above this norm and this equates to approximately R163.5m. However, if the estimated consumption by informal settlements as indicated above is taken into account, the losses in excess of the norm would reduce to 5.9% which equates to approximately R89.8m.

In line with the current NRW Business Plan, EWS is implementing a number of water loss interventions, the highlights of which for 2014/15 are as follows:

- 1. During the year 77 Pressure Reducing Valves were installed and 120 installations are planned to be done in the 2015/16 year.
- 2. The Leak Detection and Repair Strategy with a total of 16 Category B plumbers in formal and informal areas has proved extremely successful and a total of 11 738 leaks were repaired from the 6 067 km of reticulation that were surveyed for leaks.
- 3. 4520 connections were regularized and registered in COINS from the sweeps being conducted Metro-wide in old eThekwini Housing projects.
- 4. In terms of the programme for meter replacement for domestic consumers which are more than 20 years old a total of 3278 out of a target of 9000 has been achieved. This programme was hampered by delays in the meter supply contract as well as plumbing resources. 1141 ICI (Industrial, Commercial and Institutional) consumer meters older than 20 years were replaced.
- 5. The total number of registered connections increased by 9835 (2,2%) and the consumer sales marginally increased by 5698 kl/day. The stagnant sales volume is highlighted as a major concern for the Unit and several programmes are being conducted to address this. There are now a total of 498 105 registered connections in eThekwini.

The success of the NRW programme has been hampered in the 2014/15 financial year due to the non-availability of materials and resources but has started to regain the momentum lost in the previous years. System attrition is estimated to be 2.1% and this is masking the results of the positive achievements. The compliance of the consumers as well as the large population migration to peri-urban areas is also highlighted as a concern. A significant increase in budget and planned work will be required as per the NRW 2013 Business Plan in order to achieve the stated target of 25% NRW by volume by June 2019.

The unit had commenced with some minor changes to the organogram and this will result in increasing accountability of the Operation staff and a greater focus towards achieving the KPI's.

Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

	Group		Municipality	
Figures in Rand thousand	2015	2014	2015	2014

45. Material losses

Water:

The Non-Revenue Water (NRW) Branch is responsible for monitoring the NRW situation at eThekwini Water and Sanitation (EWS) and reporting thereon, providing strategic direction for the Unit to reduce losses as well as implementing a number of programmes to reduce losses on a wide scale. The primary objective of the NRW reduction activities is to reduce the NRW levels to a targeted and sustained value of 25% by volume (420 litres/connection/day total water losses) by June 2019.

Water losses of 134 333 086 kl (2013/2014: 131 021 634 kl) occurred during the year under review, which resulted in revenue losses to the municipality. The estimated water losses amounting to R669,0m (2013/2014: R602,6m) were due mainly to illegal connections and deteriorating infrastructure. The non-revenue water volume increased from 39,4% in 2013/14 to 39.7% in 2014/15. Based on a Water Research Commission Report TT512/12, (using 2010 data) the current South African NRW average is 36.8% whilst the African average is 38.0%.

An estimated deemed authorised consumption of 31 369kl/day is being consumed in the informal settlements in the eThekwini Municipality and a programme is underway to meter and monitor this consumption. The municipality is compensated for this water consumption via the Equitable Share. If this volume had been included in the 2014/15 financial year, the reported NRW% would be 36,2% and the water losses would be 122 295 885 kl.

In terms of MFMA circular 71 the norm for water losses is between 15% and 30%. The Municipality's losses are 9.7% above this norm and this equates to approximately R163.5m. However, if the estimated consumption by informal settlements as indicated above is taken into account, the losses in excess of the norm would reduce to 5.9% which equates to approximately R89.8m.

In line with the current NRW Business Plan, EWS is implementing a number of water loss interventions, the highlights of which for 2014/15 are as follows:

- 1. During the year 77 Pressure Reducing Valves were installed and 120 installations are planned to be done in the 2015/16 year.
- 2. The Leak Detection and Repair Strategy with a total of 16 Category B plumbers in formal and informal areas has proved extremely successful and a total of 11 738 leaks were repaired from the 6 067 km of reticulation that were surveyed for leaks.
- 3. 4520 connections were regularized and registered in COINS from the sweeps being conducted Metro-wide in old eThekwini Housing projects.
- 4. In terms of the programme for meter replacement for domestic consumers which are more than 20 years old a total of 3278 out of a target of 9000 has been achieved. This programme was hampered by delays in the meter supply contract as well as plumbing resources. 1141 ICI (Industrial, Commercial and Institutional) consumer meters older than 20 years were replaced.
- 5. The total number of registered connections increased by 9835 (2,2%) and the consumer sales marginally increased by 5698 kl/day. The stagnant sales volume is highlighted as a major concern for the Unit and several programmes are being conducted to address this. There are now a total of 498 105 registered connections in eThekwini.

The success of the NRW programme has been hampered in the 2014/15 financial year due to the non-availability of materials and resources but has started to regain the momentum lost in the previous years. System attrition is estimated to be 2.1% and this is masking the results of the positive achievements. The compliance of the consumers as well as the large population migration to peri-urban areas is also highlighted as a concern. A significant increase in budget and planned work will be required as per the NRW 2013 Business Plan in order to achieve the stated target of 25% NRW by volume by June 2019.

The unit had commenced with some minor changes to the organogram and this will result in increasing accountability of the Operation staff and a greater focus towards achieving the KPI's.

	Group		Municipality		
Іге	s in Rand thousand	2015	2014	2015	2014
ί	Inauthorised, irregular, fruitless and wasteful expend	liture disallowed			
C	cases reported during the 2014/15 year are				
	ncluded below:				
١	lon-compliance with S.C.M various: This	-	331,841	-	331,84
6	xpenditure is deemed to be irregular due to				
	Public Tender Process not being adhered to,				
P	reference points not being applied, variation				
	rders not being approved by the relevant				
0	ommittee's, tax clearance certificates not being				
	eceived, 3 quotations not being obtained and				
	dverts not being adequately advertised. Ion-compliance with MFMA - Section 116(3)	440 744		440 744	
P N	Ion-compliance with MFMA - Section 116(3)	113,744	-	113,744	
	Ion-compliance with MFMA - Section 110(1)(a)	3,131	-	3,131	
N	Ion-compliance with MFMA - Section 110	16,663 78	-	16,663 78	
	Ion-compliance with MFMA - Section 36	8,741	-	8,741	
	wards made to entities whose directors /	66	399	66	3
	nembers / principal shareholders / stakeholders	00	399	00	3
	vere in the service of eThekwini municipality				
	wards made to entities whose directors /	525	389	525	3
	nembers / principal shareholders / stakeholders	020	000	020	v
	vere close family members of persons in the				
	ervice of eThekwini municipality				
P	wards made entities whose directors / members	417	2,149	417	2,1
1	principal shareholders / stakeholders were in the		.,,		_, .
	ervice of other State institutions				
	Ion-compliance with S.C.M - invalid deviations	43,237	-	43,237	
	Ion-compliance with S.C.M - contract extended	6,932	-	6,932	
	fter expiry				
ŀ	Ion-compliance with S.C.M - No valid BBBEE	10,504	_	10,504	
	ertificates - subcontractors				
N	Ion-compliance with S.C.M - Less than three	2,151	-	2,151	
	uotes obtained - Electricity				
	Ion-compliance with S.C.M - Supplier	2,067	-	2,067	
	eclarations not received - Electricity	4.007			
	Ion-compliance with S.C.M - Splitting of tenders	1,894	-	1,894	
	lon-compliance with S.C.M - No valid tax learance certificate submitted	2,123	-	2,123	
		E4			
	Durban Marine Theme Park (Pty) Ltd Ioncompliance with Supply Chain Management	51	-	-	
יי	olicy				
	Durban Marine Theme Park (Pty) Ltd Fruitless	143	_		
а	nd Wasteful Expenditure : Interest on late	173	_	-	
	ayment of Rates				
	C.C. Durban (Pty) Ltd Non-compliance with	_	24,796	_	
	upply Chain Management policy		,. 00		
	C.C Durban (Pty) Ltd Fruitless and Wasteful	22		_	
	xpenditure : Interest on late payment of VAT				
_					
h	regular expenditure				
	deconciliation of irregular expenditure				
	pening balance	316,686	7,162	316,686	7,1
Ī	regular expenditure current year	212,324	359,574	212,273	334,7
F	ruitless and Wasteful Expenditure	165	-	-	
	lecoveries / Condonements	(402,900)	(50,050)	(402,900)	(25,2

Notes to the Annual Financial Statements

	Group		Municipality	
Figures in Rand thousand	2015	2014	2015	2014

46. Unauthorised, irregular, fruitless and wasteful expenditure disallowed (continued)

A number of interventions have been introduced to improve monitoring controls in Supply Chain Management and the bid process prior to the awarding of contracts to service providers.

There were 372 internal investigations performed by the City Integrity and Investigations Unit that were still in progress at year end. These cases dealt with alleged irregularities in the SCM processes which involved council employees. An internal audit over the use of regulation 36 to procure goods and services is still in progress.

Notes to the Annual Financial Statements

	Group		Municipality	
Figures in Rand thousand	2015	2014	2015	2014

46. Unauthorised, irregular, fruitless and wasteful expenditure disallowed (continued)

A number of interventions have been introduced to improve monitoring controls in Supply Chain Management and the bid process prior to the awarding of contracts to service providers.

There were 372 internal investigations performed by the City Integrity and Investigations Unit that were still in progress at year end. These cases dealt with alleged irregularities in the SCM processes which involved council employees. An internal audit over the use of regulation 36 to procure goods and services is still in progress.

Notes to the Annual Financial Statements

	Group		Municipa	ality
res in Rand thousand	2015	2014	2015	2014
Bank balances (continued)				
050134701 - Standard Bank - Electricity Expenditure Account	(1,479)	(1,480)	(1,722)	(1,724
050133608 - Standard Bank - Electricity EFT	(669,887)	(669,887)	(639,653)	(639,653
050133586 - Standard Bank - Salaries Account	69,479	(390,255)	65,909	(369,388
050134590 - Standard Bank - Durban Fresh	17,580	17,550	16,154	16,015
Produce Market Account				
050134515 - Standard Bank - CIFAL Durban Account	230	230	230	230
050134493 - Standard Bank - General Bank Account	558,805	(858,028)	502,346	(862,018
050041827 - Standard Bank - E-Ticketing Account	-	(439)	-	(559
050134434 - Standard Bank - Bank Charges Account	•	(254)	-	(505
050134337 - Standard Bank - Moses Mabhida Stadium Deposit Account	53	3,732	1	10,474
050138987 - Standard Bank - Pay at Deposit Account	(5,166)	99,333	(10,569)	79,849
050137190 - Standard Bank - Consolidated Investment Account	~	(3)	-	
050154540 - Standard Bank - Syntell Deposit Account	-	131	(3)	81
050189816 - Standard Bank - Reforestation Project Account	21,021	23,593	7,067	7,311
050138782-Standard Bank-Moses Mabhida Expenditure Account	6,445	(8,299)	9,198	(12,540
Totals: ETHEKWINI MUNICIPALITY				
Bank balances Bank overdraft	802,933 (687,496)	3,403,420 (3,287,981)	977,630 (857,562)	3,221,588 (3,101,623

The following accounts had nil balances at year end:

050258087 - Standard Bank - Ethekwini Rates Clearance; 050041924 - Standard Bank - Vehicle Auctions Account; 050137220 - Standard Bank - CIF (EFT) Account; 050134159 - Standard Bank - Mayors Relief Account; 050133624 - Standard Bank - Durban Fresh Produce Market EFT Account; 050682830 - Standard Bank - Tertiary Student Relief Fund.

Notes to the Annual Financial Statements

		Grou	p	Municipality	
ıres i	n Rand thousand	2015	2014	2015	2014
Bai	nk balances (continued)				
Du	rban Marine Theme Park (Proprietary) Limited:				
	003530849 Investec Bank- Fixed Deposit	-		4,570	4,570
	003530849 Investec Bank- Fixed Deposit	-	-	3,844	3,844
	006958840-Investec Smart Rate Notice 90/0	10,858	10,858	4,746	4,746
	005636079 - Investec Bank - Smartrate Account	25,093	25,093	21,224	21,224
	0027X021905914 - RMB - Account	4,600	4,600	-	-
	0139452 - Standard Bank - Retail Bank Account	45	45	122	122
	0139495 - Standard Bank - Schools Account	1	1	7	7
	0139509 - Standard Bank - Main Deposit Account	409	409	1,043	1,043
	0215280-Standard Bank salary clearing account	10	10	1,717	1,717
	.C. Durban (Proprietary) Limited:				
	226959 - Standard Bank	1,344	1,201	1,467	1,467
	381201632 - FNB	2,285	2,284	2,219	2,219
	138162 - Standard Bank	2,271	2,106	200	200
	138197 - Standard Bank	526	676	1,385	1,385
	ingham Development Joint Venture:				
Ba	nk Balances	13,110	-	28,176	-
To	tals: MUNICIPAL ENTITIES				
	nk balances	60,552	47,283	70,720	42,544

48. Taxation

No provision has been made for the taxation of Durban Marine Theme Park SOC Limited as they have an assessed loss of R339 051 250 (2014: R332 327 990), which is available for set-off against future taxable income. No deferred tax asset has been raised.

49. FINANCIAL INSTRUMENTS

Exposure to interest rate, credit risk and liquidity risks arise in the normal course of the municipality's operations.

Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

	Group		Municipality	
Figures in Rand thousand	2015	2014	2015	2014

49. FINANCIAL INSTRUMENTS (continued)

Financial risk management

The Municipality has exposure to the following risks from its use of Financial Instruments:

- Liquidity risk
- Interest rate risk
- Credit risk

This note presents information about the Municipality's exposure to each of the above risks and the Municipality's objectives, policies and processes for measuring and managing risks.

Further quantitative disclosures are included throughout these financial statements.

The Accounting Officer has overall responsibility for the establishment and oversight of the Municipality's risk management framework. The Municipality's risk management policies are established to identify and analyse the risks faced by the Municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes to market conditions and the Municipality's activities.

As part of managing the municipality's liquidity risk, Promissory notes have been issued to facilitate the timeous repayment of the borrowings. No further terms and conditions are attached to these promissory notes other than the normal repayment terms and conditions of the loan repayment.

The Municipality, through its training and management standards and procedures, aims to develop a disciplined and constructive environment in which all employees understand their roles and obligations.

Fair values versus carrying amounts:

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

Carrying amount Investments Long-term receivables Consumer Debtors Receivables from Exchange Receivables from Non Exchange Long-term Liabilities Creditors	5,500,000	4,050,000	5,500,000	4,050,000
	95,463	98,843	95,463	98,843
	3,077,172	2,965,773	3,076,438	2,968,785
	2,683,295	2,378,989	2,658,048	2,364,283
	238,303	199,760	238,303	199,760
	10,332,519	10,369,582	10,241,146	10,247,716
	5,280,191	5,776,708	5,277,749	5,787,024
Fair value Investments Long-term receivables Consumer Debtors Receivables from Exchange Receivables from Non Exchange Long-term Liabilities Creditors	5,500,000	4,050,000	5,500,000	4,050,000
	95,463	98,843	95,463	98,843
	3,077,172	2,965,773	3,076,438	2,968,785
	2,682,424	2,377,320	2,657,177	2,362,614
	238,303	199,760	238,303	199,760
	10,332,519	10,369,582	10,241,146	10,247,716
	5,259,984	5,768,057	5,257,542	5,778,373

Basis for determining fair value:

The following summarises the significant methods and assumptions used in estimating the fair values of the Financial Instruments reflected in the tables above:

Debtors and Creditors:

The fair value of Debtors and Creditors is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Notes to the Annual Financial Statements

	Group		Municipality	
Figures in Rand thousand	2015	2014	2015	2014

49. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Liquidity risk is the risk that the municipality will encounter in raising funds to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored. The following are details of the contractual maturities of

financial liabilities:	nitorea. The lonor	wing are details	of the contracti	iai matumies or	
Standard Bank: Ethekwini Municipality - Trading Pre Settlement: Ethekwini Municipality - Letter of Credit: Ethekwini Municipality - Performance guarantee: Ethekwini Municipality - Working Capital Facilities: Ethekwini Municipality - Fleet Management Card: I.C.C. Durban - Credit card: I.C.C. Durban - Performance guarantee: I.C.C. Durban - Letter of Credit Durban Marine Theme Park - Working Capital Durban Marine Theme Park - Fleet Management				35,000 1,500 80,000 123,319 15 228 550 13,092 9,995 15	
The total of these facilities amount to				263,714	
Group					
At June 30, 2015	Carrying Amount	Contractual Cash Flows	12 months or less	More than 12 months	
Borrowings Trade and other payables	10,332,519 5,259,984		10,332,519 5,259,984	1,082,774 5,259,984	9,249,745
At June 30, 2014	Carrying Amount	Contractual Cash Flows	12 months or less	More than 12 months	
Borrowings Trade and other payables	10,369,582 5,768,057			9,376,543	
Municipality					
At June 30, 2015	Carrying Amount	Contractual Cash Flows	12 months or less	More than 12 months	
Borrowings Trade and other payables	10,241,146 5,257,542	10,241,146 5,257,542	991,878 5,257,542	9,249,268	
At June 30, 2014	Carrying Amount	Contractual Cash Flows	12 months or less	More than 12 months	
Borrowings Trade and other payables	10,247,716 5,778,373	10,247,716 5,778,373	992,214 5,778,373	9,255,502	

Notes to the Annual Financial Statements

	Group		Municipality	
Figures in Rand thousand	2015	2014	2015	2014

49. FINANCIAL INSTRUMENTS (continued)

Group

At June 30, 2015 Investments Short term investments	Less than 1 year 5,000,000	Between 1 and 3 years
Long term investments Call Deposits	471,113	500,000
At June 30, 2014 Investments	Less than 1 year	Between 1 and 3 years
Short term investments Long term investments	3,550,000	
Call Deposits	2,405,000	500,000
Municipality		
At June 30, 2015	Less than 1 year	Between 1 and 3 years
Investments Short term investments	5,000,000	_
Long term investmentsCall Deposits	265,000	500,000
At June 30, 2014	Less than 1 year	Between 1 and 3 years
Investments	ĺ	·
 Short term investments Long term investments 	3,550,000	500,000
Call Deposits	2,405,000	-

Market risk

Market risk is the risk that changes in market prices, such as interest rates and commodity prices will affect the eThekwini Municipality's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable risk parameters, while optimizing the eThekwini Municipality's service delivery objectives. GRAP 104 requires entities to disclose sensitivity analysis for each type of market risk as shown in the sections below. Interest rate risk is the main category of market risk which affects the Group.

Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

	Gro	oup	Munic	ipality
Figures in Rand thousand	2015	2014	2015	2014

49. FINANCIAL INSTRUMENTS (continued)

Group

At June 30, 2015	Less than 1 year	Between 1 and 3 years
Investments Short term investments Long term investments Call Deposits	5,000,000 - 471,113	500,000
At June 30, 2014	Less than 1	Between 1 and 3 years
Investments Short term investments Long term investments Call Deposits	3,550,000 - 2,405,000	500,000
Municipality		
At June 30, 2015 Investments	Less than 1 year	Between 1 and 3 years
Short term investments	5,000,000	
 Long term investments Call Deposits 	265,000	500,000 -
At June 30, 2014	Less than 1 vear	Between 1 and 3 years
Investments Short term investments Long term investments Call Deposits	3,550,000 - 2,405,000	500,000 -

Market risk

Market risk is the risk that changes in market prices, such as interest rates and commodity prices will affect the eThekwini Municipality's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable risk parameters, while optimizing the eThekwini Municipality's service delivery objectives. GRAP 104 requires entities to disclose sensitivity analysis for each type of market risk as shown in the sections below. Interest rate risk is the main category of market risk which affects the Group.

Annual Financial Statements for the year ended June 30, 2015

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	-	Group		cipality
Figures in Rand thousand	2015	2014	2015	2014

49. FINANCIAL INSTRUMENTS (continued)

Valuation of Financial Instruments

Availability of observable market prices and model inputs reduces the need for management opinion and estimation. This also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions of financial markets.

The Municipality has an established control framework with respect to the measurement of fair values. This framework includes a portfolio valuation function which is independent of front office management and reports to the Risk committee which has overall responsibility of significant fair value measurements. Specific controls include: verification of observable pricing inputs and re-performance of model valuation; a review and approval process for new models and changes to such models; analysis and investigation of significant daily valuation movement and reporting of significant valuation issues to the Risk committee.

The Municipality measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in the measurements:

Level 1: Quoted prices (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs either directly (ie. as prices) or indirectly (ie. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuator techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant, unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted prices or dealer price quotations.

The Municipality uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest swaps that use only observable market data and require little management, judgement and / or estimation. Observable prices and model inputs are usually available in the market for listed debt, exchange traded derivatives and simple over the counter derivatives like interest rate swaps.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

30 June 2015: Financial Assets at Fair Value through profit or loss - Group	Level 1	Level 2	Level 3	Total
Investments	5,500,000	_	_	5,500,000
Cash on hand	19.707	→	_	19,707
Net Bank Balance	195,696		-	195,696
Call Investment Deposits	471,113	-	-	471,113
Long-term Receivables	· •	95,463	-	95,463
Consumer Debtors	-	3,077,172	_	3,077,172
Receivables from Exchange	-	2,682,424	-	2,682,424
Receivables from Non Exchange	-	238,303	-	238,303
Long-term Liabilities	-	10,332,519	-	10,332,519
Creditors	-	5,259,984	-	5,259,984
	6,186,516	21,685,865		27,872,381
30 June 2014: Financial Assets at Fair Value through profit or loss - Group	Level 1	Level 2	Level 3	Total
Investments	4,050,000		-	4,050,000
Cash on hand	18,932	-	-	18,932

	Gro	up	Munic	ipality
gures in Rand thousand	2015	2014	2015	2014
. FINANCIAL INSTRUMENTS (continued)				
Net Bank Balance	190,785	-	-	190.785
Call Investment Deposits	2,599,940	-	-	2,599,940
Long-term Receivables	_	98,843	_	98,843
Consumer Debtors	_	2,965,773	-	2,965,773
Receivables from Exchange	-	2,377,320	-	2,377,320
Receivables from Non Exchange	-	199,760	-	199,760
Long-term Liabilities	-	10,369,582	-	10,369,582
Creditors	-	5,768,057	-	5,768,057
	6,859,657	21,779,335	-	28,638,992

Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

	Gro	pup	Munic	ipality
Figures in Rand thousand	2015	2014	2015	2014

49. FINANCIAL INSTRUMENTS (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Trade receivables comprise a widespread customer base. The Municipality has no control over the approval of new customers who acquire properties in the designated metro area and consequently incur rates, water and electricity debts. The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- through the application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property.
- a new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the
 previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount.
- through the consolidation of rates and service accounts, thereby disconnecting services for the non-payment of any
 of the individual debts, in terms of section 102 of the MSA.
- reviewing the municipality's Credit Control Policy annually to ensure that it is updated for to current practice that enhance revenue collection.

Long term Receivables and Other Debtors are individually evaluated annually at balance sheet date for impairment of discounting.

The maximum credit and interest risk exposure in respect of the relevant financial instrument is as follows:

				2,586,854
Bad debts written off	(1,173)	(534)	(1,173)	(534)
Contribution	1,464,044	1,000,833	1,464,044	1,000,833
Movement in the provision for Bad Debts: Other (Exchange and Non Exchange) Balance at beginning of year	2.586.854	1,586,555	2,586,854	1,586,555
Mayoment in the provision for Ded Debte.				
Balance at year end	2,512,681	2,008,961	2,512,024	2,008,078
Bad debts written off	(111,537)	(532,409)	(111,311)	(532,409)
Contribution	615,257	553,736	615,257	554,980
Movement in the provision for Bad Debts: Consumers Balance at beginning of year	2,008,961	1,987,634	2,008,078	1,985,507
Net Consumer Debtors	3,077,172	2,965,773	3,076,438	2,968,785
Less: Provision for Bad Debts	(2,512,681)	(2,008,961)	(2,512,024)	(2,008,078)
More than 120 days	3.426,305	2.862,699	3.423.759	2,946,852
31 - 120 days	574,762	504,555	572,703	518,658
Consumer Debtors: Gross 0 - 30 days	1.588,786	1.607.480	1,592,000	1,511,353
The ageing of trade receivables at the reporting date was	as follows:			
Cash and Cash Equivalents	6,186,516	6,859,657	5,898,801	6,593,432
Receivables from Non Exchange	238,303	199,760	238,303	199,760
Receivables from Exchange	2,682,424	2,377,320	2.657,177	2,362,614
Financial instrument Consumer Debtors	3,077,172	2,965,773	3,076,438	2,968,785

Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

	Gro	oup	Munic	ipality
Figures in Rand thousand	2015	2014	2015	2014

50. Budget disclosure

Material differences between budget and actual amounts

Differences between budget and actual amounts basis of preparation and presentation

A comparison of the budget and actual information has been disclosed in the Appropriation Statement and not in columnar format as required due to the classification as per budget regulations as prescribed by National Treasury differing to the GRAP disclosure requirements.

51. Events after the reporting date

Banking services provider:

Nedbank limited (Reg No. 1951/000009/06) was appointed as the transactional banking services provider to the eThekwini Municipality with effect from 1 October 2015, for a period of five years. The award to Nedbank was made after a stringent process of tender evaluation. The letter of award was signed by the City Manager on 16 June 2015.

Moses Mabhida Stadium:

The Municipality is currently reviewing the institutional arrangements of Moses Mabhida Stadium. As at August 2015 the stadium is still operating on the same basis as the previous year. If the matter is finalised before the audit report date the note will be updated accordingly.

Durban public bus service:

The Municipality has taken a decision subsequent to year end to provide the Durban public transport bus service through an external mechanism in the form of a Municipal Entity and the City Manager has been authorised to invoke the provisions of Section 84 of the MFMA in this regard.

Hosting of the 2022 Commonwealth Games:

On the 2nd of September 2015, in Auckland, New Zealand, the Commonwealth Games Federation announced Durban as the host of the Commonwealth games 2022. The approved financial contribution by the municipality to host the event is R543 million. This financial contribution will take place over multiple years leading to 2022.

eThekwini Municipality and its Municipal Entities
Financial Statements for the period ended 30 June 2015
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DESCRIPTION	" LOAN No.	DATE REPAYABLE	BALANCE AT 30-Jun-14	RECEIVED DURING THE PERIOD	REDEEMED DURING THE PERIOD	BALANCE AT 30-Jun-15
			R 000's	R 000's	R 000's	R 000's
FRB PN 15 Years	Variable 1/58	30-06-2016	118 457		38 570	79 887
INCA/IVUZI 15 Years	9.52% 1/66	30-06-2020	284 320		37 099	247 221
Nedbank 15 Years	8.47% 1/67	31-03-2021	562 766		61 843	500 923
DBSA Ph 1 20 Years	13.50% P1	30-09-2017	285 141		67 645	217 496
DBSA Ph 2 15 Years	Variable P2	31-03-2016	62 063		31 687	63 376
DBSA Ph 3 15 Years	12.90% P3	30-09-2017	202 335		41 546	160 789
DBSA Ph 4 15 Years	10.40% P4	30-06-2019	287 527		46 499	241 028
DBSA Ph 5 15 Years	8.90% P5	30-06-2020	181 782		21 739	160 043
DBSA Ph 6 15 Years	8.75% P6	30-06-2022	548 720		49 895	498 825
DBSA Ph 7 20 Years	8.30% P7	02-01-2028	2 458 841		98 301	2 360 540
DBSA Ph 8 15 Years	9.85% P8	30-06-2029	1 500 000		46 918	1 453 082
NEDBANK 7 Years	10.09% 1/70	28-02-2017	265 411		79 868	185 543
NEDBANK 5 Years	9.21% 1/71	30-04-2015	120 604		120 603	_
RMB R 1b 15 Years	10.28% 1/72	30-06-2025	859 053		45 050	814 003
ABSA 7 Years	8.73% 1/73	29-09-2017	586 664		150 151	436 513
ABSA 15 Years	10.19% 1/74	30-06-2026	899 149		40 964	858 185
AFD Calyon 12 Years	9.52% 1/68	31-12-2018	29 370		6 527	22 843
RMB R1B 20 Years	9.53% 1/75	30-06-2032	962 513		21 665	940 848
NEDBANK R1.0bn 15 Years	10.58% 1/76	28-06-2030	0	1 000 000	0	1 000 000
Total Annuity Loans			10 247 716	1 000 000	1 006 570	10 241 146
TOTAL EXTERNAL LOANS (Municipality)	ality)	1 1	10 247 716	1 000 000	1 006 570	10 241 146

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand thousand

NOTE 52 (continued): EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2015 - Group

Description	Loan Number	Interest Rate	Date Repayable	Balance at 30/06/14	Received during the year	Interest Capitalised (Redeemed)during this period	Balance at 30/06/15
		%		R'000	R'000	R'000	R'000
DURBAN MARINE THEME PARK :							
LONG TERM LOANS							
Debenture Stock		13		119 666	0	-29 666	000 06
Total Stock Loans				119 666	0	-29 666	000 06
DBSA - Village Walk		8.5		2 200	0	-827	1 373
Total Annuity Loans				2 200	0	-827	1 373
TOTAL EXTERNAL LOANS (DURBAN MARINE THEME PARK)				121 866	0	-30 493	91 373
TOTAL EXTERNAL LOANS: ETHEKWINI MUNICIPALITY				10 247 716	1 000 000	-1 006 570	10 241 146
GROUP TOTAL:				10 369 582	1 000 000	-1 037 063	10 332 519

eThekwini Monicipality and its Municipal Entities
Annual Financial Statements for the year ended 30 June 2015
Notes to the Annual Financial Statements
Figures in Rand thousand
NOTE 33: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT - GROUP

And and Buildings CROSO PROSO		Construction	Opening Defended Construction	Under Construction	Disposals	Transfers	Closing Balance	Opening Balance	Impailment	Additions	Disposals	Impainments	. Impairments Reversal	Transfers	Closing Balance	Carrying Value
STATE 1024 TOT 1020 GCT 1					·									:		
The column The	R'900	R'000	R'000	R'000	8,000	2002	R000	K'900	2,000	R 000	R-000	Kand	3	200	KUM	KINN
The control of the co	505 271	0	18 505			•••	523 641	,		•	0	6			8	523 641
The state of the s	5 279 758	1 624 707	223 232		-791		7 537 753	•		175 363	-716			60	1 406 269	6 131 48
10,000 1,0	5 785 029	1 624 767	241 737		-925		8 061 394			175 363	.716			8	1 406 269	6 655 126
Page 12 Page																
Color	3 884 634	490 480	593 002	1.486	D		12 454 305	64		373 013	_	6			2 476 583	9 977 643
1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,	SBS 283	188 122	70 935		0		844 135			32 533		6			2012 210	579 925
123-407 1146-270 1766-270	9828386	-505 334	262 750	0	-943		9714 251		ę	209 815	-162	4			1 541 575	8 172 685
For Station	-	62 055	ō	40 478	a		644 370			0	_	0 0			202 987	441 383
Table Tabl		1 146 276	18 799	-158 903	<u>a</u>		1 024 512			21 730	_	5		•••	RC6 07	00 166
Color		-317 997	50 089	-11 708	Ģ		443 338			68 758	4_	66			315 794	127 544
1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,		29 677		-35 228	ō		696 416			27 739	-	146			405 904	215 1973
15 15 15 15 15 15 15 15	28 852	1 342 797		125 251	ङ		1 509 561			2 347	-	eg.		•	4 /8/	1 304 774
2 2 2 4 5 5 7 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	451 196	181 031	11 821	-143 314	٥		500 734			9 367	0	135			98 477	402 258
2 445 37 288 98 9	222 980	-11 565	109 635	3	0		321 050			14 548		5			37 880	283 170
Total Control Contro	2 445 512	92 018	100 701	79 796	0	_	2718 021			83 018	-	3			886 756	1 831 285
1989 1989	2 564 301	268 968	245 061	-60 404	0		3 017 926			77 133	-	6			793 056	2 224 670
100 200 100	231 627	10 943	19 529	-3 255	0		318 844			14 861	0	•			114 672	204 172
100 000 000 110 000 000 110 000 000 110 000 000 110 000 000 110 000 000 110 000 000 110 000 000 110 000 000 110 000 000 110 00	196 767	48 137	73 971	DZ9 6-	6		1 009 205	489 576		47 976	0	0			537 652	471 553
4 4052 099 13 8654 228 805 4835 0 0 4 116 559 137 135 14 116 559 13 15 14 116 559 13 15 14 116 559 135 14 116 559 135 14 116 559 135 14 116 559	29 234 319	3 045 008	1 629 278	1309 021	-949	•	35 216 678	6 742 285	-13	962 937	-166	2 329			7 707 372	27 509 307
100 281 1864 23 8659 483 0 0 1867 23 13 1 183 0 184 0																
170 170	4 062 086	13 854	28 805	4 833	6	_	4 109 558			108 862	6	2 758			710 124	3 399 435
1,000,000,000,000,000,000,000,000,000,0	170 281	7 954	28 669	33	0		207 135		86	3 606	5	o			37 603	169 532
102 227 25 368 6 458 5 458 0 112 227 112 2	24 612	168	943	1581	0	_	27 304			450	6	0			4 570	22,724
11 12 12 13 13 14 15 15 15 15 15 15 15	102 452	5 356	6 697	-5.356	0		109 149			2 050	8	0			31 828	77 321
1,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0	62.321	34 968	6 485	8 463	6		112 237	_		1 262	8	O			19 408	92 828
1,000 1,00	112 692	19 346	2 080	1 979	0		130 097			2 407	8	6			42 647	93 450
100 14 100 11	24 350	10 885	99	31 496	0		982 29			920	•	Ó			8072	80 715
102 144 236 7755 -523 -1 -100 212 236 7755 -523 -1 -100 212 236 7755 -2422 -1 -100 -1 -100 -1 -100 -1 -1	45 049	-11 815	ឌ	8 928	ō		42 211	7.749		872	٥	ö			8 721	33 480
192 144 336 7 7255 -2.53 -1 1 100 711	4 603 823	80 716	73 956	51 982	-		4 810 477	738 054	ş	420 229		2 758			880 973	3 349 504
18, 577 1, 12, 12, 12 1, 12, 12, 12 1, 12, 12, 12 1, 12, 12, 12 1, 12, 12, 12 1, 12, 12, 12 1, 12, 12, 12 1, 12, 12, 12 1, 12, 12, 12 1, 12, 12, 12, 12 1, 12, 12, 12, 12 1, 12, 12, 12, 12, 12, 12, 12, 12, 12,	777 1467		1	5			11001			R ANS	-	-			42 110	67 802
150,001 150,	## 70L	220	3 6	270	-	Ş	940 040			47.45	7	re			131 962	80.313
7.00 (19.2) (19.	126.927	97.038	200	5	4 5	37.	2/2 2/2			201 7	1 2	5 Tų		1857	505 867	175.772
100 220 100	ann ary	7	287 197	3 (9	§	10.05			201 00		? *		3	352.066	356.521
4 Emillo 231 424 - 114	207 080	971 1-	202 pt	3	5 6	Š	201017	•		446.974	Sens	2000		Ę	1 290 628	721 167
8 Emings 2.23 4.09	1 827 238	5 017	111 666	28/21	7	7 7	067 108 1	-		13 360		3 5		3	184394	68.680
NATE OF THE PART O	3 1 1	411-	77	2		7	233 032			200		į			AG AD	378 010
Assets 6. See 887 C	302 840	1 469	-	7667-	9 6		228 342		12	/200	,	1 186	-3.785		1 146 817	1 004 562
2007 1 200 21 22 22 22 22 22 22 22 22 22 22 22 22	2 880 261	42.118	950 701	606.75-	600		Stellows.		3	200					14.59R	2 449
6 569 677 677 1735 509 124 500 155 609 1772 271 7355 519	17 045	240	0 6	5 OF	·		17 045			Į.	-	•			1	Z
42.993 342.980 -43.800 -16.772 -3-471 (335.931	8		, and			1	117	7 247 247	100	CD + 423	44 476	E.	20.700	136	4 846 350	2 689 582
	200 this 4	42 593	342 360	900	2//01	+1.4.	TSS GSC /	403/190	3	200	3		2			
120 022 C) 697 167 27 517 27 27 27 27 27 27 27 27 27 27 27 27 27	250	100 400	C. O'S AND A	1240 000	20000	12.124	FOR PUT 32	F07 C0 P07	310.	1 850 067	14.00	9 664	3787	Ġ,	14 620 963	40 893 518

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eThekwini Municipality and its Municipal Entities
Annual Financial Statements for the year ended 30 June 2015
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Figures in Rand thousand

			Cost / Boyalisation	litation					Accim	Accimulated Depreciations	,			
	Opening Balance	Opening Under	Additions	Under Construction	Disposals	Transfers	Opening Balance	Opening	Additions	Impairments	Impairments	Transfers	Closing Balance	Carrying Value
			R'000		R'000	R'000			R'000	R'000	R'000	R'000	R'000	R'000
Land and Buildings	505 271	0	18 505		-135				C	c			C	523 641
Buildings	3 939 999	1 024 238	222 124	1011151	-791		846 939		130 031	0		09	976314	5 220 406
•	4 445 270	1 024 238	240 629	1 011 151	-925		846 939		130 031			09		5 744 048
Infrastructure														
Roads	9 884 634	490 480	593 002	1 486 189	0		2 103 650		373 013	0			2 476 663	9 977 643
Traffic Equipment & Ranks	585 283	188 122	70 935	-205	0		231 677		32 533	0			264 210	579 925
Stomwater Drainage	9 958 388	-505 934	262 750	0	-943		1 331 931	-13	209 815	4			1 541 575	8 172 685
Sewerage Pumps	551 837	52 055	0	40 4 7 8	0		202 987		0	0			202 987	441383
Sewerage Mains & Reticulation	18 340	1 146 276	18 7 99	-158 903	0		5 229		21 730	0			26 959	997 553
Purification Works	722 960	-317 997	50 089	-11 708	9-		246 972		68 758	69			315 794	127 544
Refuse Sites & Transfer Station	613 642	59 677	58 325	-35 228	0		378 019		27 739	146			405 904	290 513
Water Mains & Reticulation	26 852	1 342 797	14 661	125 251	0		2 091		2 347	349			4 787	1 504 774
Water Reservoirs	451 196	181 031	11 821	-143 314	0		87 349		9 367	1 761			98 477	402 258
General Infrastructure	222 980	-11 565	109 635	0	0		23 232		14 648	0			37 880	283 170
Mains	2 445 512	92 018	100 701	79 790	0		823 738		63 018	0			886 756	1 831 265
Major Substations	2 564 301	268 968	245 061	-60 404	0		715 923		77 133	0			793 056	2 224 870
Public Lighting	291 627	10 943	19 529	-3 255	0		99 811		14 861	0			114672	204 172
Connections & Switches	896 767	48 137	73971	-9 670	0		489 676		47 976				537 652	471 553
	29 234 319	3 0 4 5 0 0 8	1 629 279	1 309 021	-949	•	6742 285	-13	962937	2 329	•	•	7 707 372	27 509 307
Community Assets														
Recreation	4 062 066	13 854	28 805	4 833	0		598 504		=	2 758			710124	3 399 435
Clinics & Depots	170 281	7 954	28 869	31	0		34 065	8φ	8	0			37 603	169 532
Cemetries & Crematoria	24 612	168	943	1581	0		4 120		450	0			4 5 7 0	22 734
Community Halls	102 452	5 356	2699	-5 356	0		29 778		2 050	0			31 828	77 321
Fire Stations	62 321	34 968	6 485	8 463	0		18 146		1 262	0			19 408	92 828
Libraries	112 692	19 346	2 080	1979	0		40 240		2 407	0			42 647	93 450
Museums	24 350	10 885	92	31 496	0		5 452		620	0			6 0 7 2	60 7 15
Police Stations	45 049	-11 815	22	8 955	0		7 749		972	0			8 7 2 1	33 490
	4 603 823	80 716	73 956	51 982		•	738 054	89-	120 229	2 758	•	•	860 973	3 949 504
Other Assets	400	CC	1	r.	•		FOF 60		0 400	•			0.4	200 100
All conditioning	102 144	999	9677	676-	-				0 400	0			01 1 24	00 /0
Security Systems	194 527	-3 038	20 890	0	4	-100	•		17 158	0			131 962	80 3 13
Markets	302 840	-1 469	0	-2 992	0		79 467						86 004	212 375
Vehicles	2 888 351	42 778	106 876	-31 909	-6 789		1 732 024	-135	267 409	1486	-3 782		1 995 889	1 003 418
Fire Engines	17 045	3 043	0	-3 043	0		14 142		454	0			14 596	2 4 4 9
	6 784 705	42 992	314 828	-25 686	-18 292	139	3 920 721	-135	690 225	3 577	-3 782	-917	4 485 424	2 613 262
Total	45 068 117	4 192 954	2 258 692	2 346 468	-20 166	139	12 247 998	-216	1 790 267	8 664	-3 782	-857	14 030 083	39 816 121

eThekwini Municipality and its Municipal Entities
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Egures in Rand thousand
NOTE 54: ANALYSIS OF INTANGIBLE ASSETS - GROUP

Carrying Value		R'000	608 462	50 107	196 907	855 475	
ਹੱ	Closing Balance	R'000	-42 552	0	-262 589	(305 141)	
	Transfers	R'000			857	857	
u	Impairments Reversal	R'000					
Accumulated Depreciation	Impairments	R'000				-	
Accumu	Disposals	R'000			428	428	
	Additions	R'000	-9 016		-47 768	(56 784)	
	ransfers Closing Balance Opening Balance	R'000	-33 536		-216 106	(249 642)	
	Closing Balance	R'000	651 014	50 107	459 495	1 160 616	
	Transfers	R'000			-138	(138)	
	Disposals	R'000			-436	(436)	
Cost	Under Construction	R'000	59 210		-8 292	50 918	
)	Additions	R'000		1 672	84 595	86 267	
	Opening Balance Capital Under Construction	R'000	411 368		8 292	419 660	
	Opening Balance Opening Balance Capital Under Cost Construction	R'000	180 436	48 435	375 474	604 345	
			RMS	Servitudes	Computer Software	Total	

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Figures in Rand thousand
NOTE 54: ANALYSIS OF INTANGIBLE ASSETS - MUNICIPALITY

				Cost						Accum	Accumulated Depreciation	,		<u>ਹ</u>	Carrying Value
	Opening Balance Cost	Opening Balance Capital Under Construction	Additions	Under Construction	Disposals	Transfers	Closing Balance	Transfers Closing Balance Opening Balance	Additions	Disposals	Impairments	Impairments Reversal	Transfers	Closing Balance	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
RMS	180 436	411 368		59 210			651 014	-33 536	-9 016					-42 552	608 462
Servitudes	48 435		1 672				50 107	0						0	50 107
Computer Software	372 849	8 292	83 483		-436	-138	455 758	-215 177	-46 615	428			857	-260 507	195 251
Total	601 720	419 660	85 155	50 918	(436)	(138)	1 156 879	(248 713)	(55 631)	428			857	(303 023)	853 820

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Annual Financial Statements for the year ended 30 June 2015
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Note 55: Awards to close family members of person in service of municipality
The details of total awards (18) to close family members amounting to R2 488 424 that transacted with the municipality is as follows:

R '000	21	17	17	627	145	29	495	36	4	217	131	46	15	06	168	339	17	44
Employee Designation F	SENIOR MANAGER (SAFER CITIES)	PRINCIPAL CLERK	CHIEF CIVIL ENGINEERING TECHNOLOGIST	SENIOR PROFESSIONAL NURSE	PRINCIPAL CLERK	LEARNER1	CHIEF LEGAL ADVISOR	CIVIL ENGINEERING TECHNICIAN	MANAGER (ASSET MANAGEMENT)	GRADUATE (WORK EXP +3YEARS)	AREA CO-ORDINATOR	WATER ASSESSOR	PRINCIPAL CLERK	SUPERVISOR DRIVER	TRAINEE APPLICATION ENGINEER	SENIOR TECHNICAL PLANNER	ARTISAN (ELECTICIAN) (LEVEL 1)	PLANNING OFFICER
Employee Name	PRISCILLA SHEMBE	RESHMA VANDAYAR	JACQUES VAN HEERDEN	BONGEKILE HLONGWA	XOLISILE HLONGWA	BOY KHUMALO	KAMLESH RAJOO	SLINDILE MKHOMA	LAWERENCE PALMER	NONTSIKELELO FOTOYI	MLOTSHWA SIBISI	DHANESH BALDAV	TRISSANDHYA BEEKY	SINDISIWE KHATHI	HALALISIWE	SHABNAM	BRIAN	BONANGANI
Spouse Name	PHINDA	ALISTAIR ARNOLD ROWLAND	PHILILE MINENHLE	LUCKY NHLANHLA											HAMILTON VELENKOSINI	AKESH	NOMUSA	
Supplier Name	NHLANZI CONSULTANTS CC	BALLITO PLUMBERS CC	PHISETH CONSTRUCTION CC	GABHISA SERVICES CC	AMAGABHISA CIVILS & CONSTRUCTION	B S KHUMALO TRADING CC	BA 1712 SE SECURITY TECHNOLOGIES	GXABHASHEH VISUAL PRODUCTION	INTERCOL (PTY) LTD	KWALO CONSTRUCTION SERVICES	NONTUBUYI TRADING ENTERPRISE CC	PEACOCK LIEBENBERG & DICKINSON	PNT GENERAL AND INDUSTRIAL SUP	SINOANELE (PTY) LTD	MAMI'S CONSTRUCTION	AKS CREATIONS	THANDTHANDO PROJECTS	MABANDLA INVESTMENTS
No	-	2	က	4	2	9	7	8	6	10	11	12	13	14	15	16	17	18

Total value of awards

115

2 488

(135) (1.2) Additions Restated Opening Balance (1.28) (1 (152) (153) Additions 20377 7 3141 7 3141 7 3141 7 3141 7 3141 7 3141 7 3141 7 3141 7 3141 7 3141 7 3141 7 3141 7 3141 7 3141 8 1 314 PROPERTY, PLANT AND EQUIPMENT -1947 1968 10 239

eThekwini Municipality and its Municipal Entities Annual Financia Statements for the year ended 30 June 2015 Notes to the Annual Financial Statements Figures in Rand thousand

eThekwini Municipality and its Municipal Entities Annual Financial Statements for the year ended 30 June 2015 Notes to the Annual Financial Statements

Figures in Rand thousand

							1	TOOL .	Accumulated Dept eciativ					1	call yilly vail.
	Restated Opening Balance cost	Restated Opening Balance Capital Under construction	Additions	Under Construction	Disposals	Transfers		Restated Opeining Balance	Additions	Disposals	Impairments	Impairments Reversal	Transfers	Closing Balance	
			R'000		R'000	R'000	R'000		R'000	R'000	R'000	R'000	R'000		R'000
Miscellaneous	28 455	1	1 (1	1 8	ı		14 692	1 672	1	ι '		ı	16 364	12 091
Formal Housing	127 316		0/1	1		1		2 2 2 1 4	1 599	(154)	>		1		53 44
Legal Services	06 244		000	1 567		1 6		23 202	243	(96)			1 6		66 725
idico	209 424	20 4 25	33 21 7	(10.557)		(34)		77 535	7 578	(302)			2 6		167 275
Skills Development	3 462		161	200		146		1 999	379	(41)	•		(33)		1 60.7
Ememenor Control Centre - Admin	140 695	4 308	20 20 4	2 707		(1 279)		82 020	12 615	(152)	•		524	96 007	79 596
Security	2 081	7 331	443	7 676		5 1		1 142	264	(1)			(69)	1 337	16 193
Metropolitan Police	87 557	364	1083	1 280		224		33 538	3 668	(274)			(2) I	36 934	53 278
Detail Market	68 420	5	877	004		4		23 445	2 8 8 2	(1)				25.324	44 600
Contain Market	4 425 252	1 004 330	110	600		1 8		4 025 504	405 252	1 5	1 6		0 00	1 220 627	4 724 066
	4 433 362	000 /00	79 297	243 003		276	о	1023 331	200 000	(42)	7 000		(66)	140 724	4 /31 000
	1000	(00)	90014	(24 91 3)		9/6		4 4	90 209	(00)	700		1	1000	23 00
Allport	1 225 265	1 00	707	14 000		1	•	67/	72 740	(0)			1 (000	200 2
Modical Control	124 720	00 200	076.67	14 039		1 00	-	24 253	42.470	(99)			(613)	240 300	77 600
Municipal Information 9 Delice	627 121	100 1	14	(200 2)		007		207 0	1	(661)	1		5	2000	4 6 2 6
IIII OI III ali Oil o Policy	2007	ı	1 6	•		1 4		1 6 7	701	1 3			2	6000	200
Ombudsperson & Head : Investigation	009	ı	n n	1		47		462	CS.	(51)	1		7.	909	- i
International & covernance	107		1 9	1		(51.)		200	90 5	(GL)	1		ı [§]	990	7.00
Community Participation	4 2/3	•	7 4 9 7	1		1		2 935	484	1 3	1		(a)	3 422	2555
Office Of Geographic Information	4 317	ı	1 3	1		٥		1 842	293	(114)					71.7
City Manager's Office	152	ı	143	ı		1		108	27	1 3	1		22	191	10
Strategic Projects	755 905	ı	2 030	1		(198)		109 489	33 682	(4)	1		1	143 167	617 563
Office Of The D C M : Sust. Development	139	1	32	1		1		27	28	1	1		48	103	ő
Office of the D C M :Sust.Procurement	618	1	329	1		(99)		199	06	0	1		1	289	69
Office Of The D C M : Health, Safety	5 037	1	254	1		(12)		2 090	363	1	1		ı	2 453	2 826
The D C M : Governance	12	1	113	1		ı		12	15	1	1		(36)	(10)	13
Office Of The D C M : Corp & HR	353	(26)	270	1		22		500	40	(6)	1		28	268	375
The D C M : Treasury	916	1	136	1		(31)		282	92	(64)	1		2	615	
Development Planning & Management	86 524	184	1712	1 393		(2)		7 208	1 391	(80)	•		ı	8 519	81 201
Economic Development & Facilitation	571 097	129 4	35 885	57 552		1	793 927	78 965	21 694	(71)	4		o i	100 600	
City Enterprises	3 645		26	1		0		2 231	396	(42)	1		(266)	2 316	1 333
Business Support	145 151	12	2 443	(1 215)		6 726		47 664	5 630	(64)	2		es ;	53 235	
Procurement	13 835	1 1	1 939	1 1		(3)		9 157	635	(75)	1 3		20	9 737	5 948
	7 832 503	1 105 074	276 312	721 947		(111)		_	213 129	(2 251)	2 245		1 3	1 518 022	8 414 415
Solid Waste	1 280 763	//9 66	260 4	2 066		1 9		•	4 5/5	1 8	1 "		(162)	819 863	250
Engineering	10 626 696	1 029 629	740 / 24	3/4 000		(1/05)	12 365 564	7346 961	397 136	(600 L)	>	(5 6 47)	2 (500)	7 142 243	10 223 321
Emergency services	1 900 591	200	26 57 0	7 900		(11)	253 619		12 407	(228)	1 00	(3 647)	(1.00)	139 011	214 000
Parks, Recreation, Cemetries &	1 609 564		57 236	45 930		14 0/0	1 365 126		27 520	(455)	69/7	(661)	ı	750 157	425
Governance	769 607		2000	001.0		1	7 000		98.9	(1.77)			1 (5)	4 405	151 6/6
Communications	444 730	1 6	1 00	1 2		1 60	424 425	- 00	200	(92)			(403)	44 072	02 463
Regional Centres	11 / 26	400	1007	979		18 801	134 455	9 9	2 30	(53)	1		(220)	41 972	92 403
Human Resources	18861	/40 -	0074	7 0 3 /		777	4 267	2	970	(340)	1		(42)	1 400	
Management Services & Org Developmen	1 046	ı	152	1 6		246	1 365	,	160	(1)	1 5		8/ 18	60/ 07	959
_	16 680	1 3	388	2 806		(1 954)	17 449	213	489	(448)	12		(1 319)	12 056	5 393
City Fleet	930 535	171.9	13.01.1	17 732		co/	969 /4/	0,0	76 900	(593)	848		1 1	653 144	316 602
Office Of Audit & Perionalice Managemen	040 040		3 200	(126)		(4 222)		476	467 E2 EEE	(0)			372	101	102 601
Ethokuini Transport Authorite	1 095 424	362 033	10000	900 145		4 4 4 7 2		4.0	42 452	(400)	-		(4.2)	394 053	1 972 504
Cocupational Health & Safaty	3 731	333 022	1 844	(454)		36		5	420	(82)			959	38 838	1 88.4
Oliai Licalii a Calcig	47 034	5		(101)		(39 789)		1 6	448	(5)	_		5	4 166	200.5
Durhan France Office	52 666	2	2 2	10 827		(20,100)		0.4	2 69.1	(13)	_		767	8 370	55 175
Durhan Transport	709 751		669			(816)		354	72 719	(67)	929			428 171	281 377
Office Of The D C M : Health & Social	7 262	•	92	1		()	7 354	2	265) I	3 1		6	3 392	3 962
	37 015	468	2 051	12 434		(21)	51 172	22	2 234	(693)	0	0)	(21)	24 087	27 086
Finance and Major Projects	1 065	1	131	1		71	1 163		116	(62)	1		(87)	929	48,
Int Control and Busines Systems	191 158	268	3 325	1 972		1 992	198 554	60 712	6 718	(432)	1		. 1	666 99	131 555
	11 886	1	ı	1		1	11 886	-	235	1	1		-	2 169	9 71.
ABMINK	26 762	ı	1	ı		E	26 716	00	1 411	(42)	0		_	9 744	16 97.
Performance Management	1 024	1	296	1		(11)	1 281	٠	120	(22)	1		1	651	630
Risk Management	5 284	521	1 6	1		ı	5 805	4 667	1 00	ı	ı		ı	4 839	966
Woses Mabhida Stadium	7 081 688	503 870	624 220	(4 226)	(2)		3 350 00Z	2 499 093	113 386	(735)	1 1		ı	2 774 366	5 337 800
Service	999 199 /	0/8 505	934 220	(1 220)	0)		0 112 100	2 455 053	27.6 008	(001)				7 114 366	ŝ
	44070 444	7 200 440	0000000	0000000	120 007	420	107 010 02	40 045 000	000 00L P	(44 004)	1000	(004 6/	(620)	44 007 500	20 040 42

eThekwini Municipality and its Municipal Entities APPENDIX B: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015 - GROUP

2015 Surplus/ (Deficit)	R'000	(0)0	(302.346)	0 750 963	(250 024)	(657 549)	(1 093 330)	(1 531 731)	(1 141 421)	(149 788)	211 465	(367 000)	294 734	1 754 729	(2 045)	(1 583)	40 870	(5 215)	4 935	2 953 074		(4 334)	2 948 740
2015 Actual Expenditure	R'000	900	2 520 040	706.068	399 048	989 177	1 746 041	1 611 822	1 236 768	156 297	2 617 438	2 012 252	4 551 668	9 633 539	455 402	184 273	130 278	2 986	3 005	29 454 633	(2 755 771)	4 334	26 703 196
2015 Actual Income	<u>R'000</u>	0.00	34 211	9 267 993	137 039	331 628	652 711	80 091	95 348	6 510	2 828 903	1 645 252	4 846 403	11 388 268	453 356	182 690	171 148	771	7 940	32 407 707	(2 755 771)		29 651 936
		C O O C C C C C C C C C C C C C C C C C	Executive & Council	Planing & Development	Health	Community & Social Services	Housing	Public Safety	Sport & Recreation	Environmental Protection	Waste Management	Road Transport	Water	Electricity	Other	Durban Marine Theme Park (Pty) Ltd	ICC Durban (Pty) Ltd	Ethekwini Transport Authority	Effingham / Link Road Joint Venture	Sub Total	Less Inter-Dep charges	Taxation	Total
2014 Surplus/ (Deficit)	R'000	(240 470)	(319 179)	(510,887)	(303 072)	(640 288)	(1 283 354)	(1 157 067)	(1 089 603)	(141 802)	401 806	(855 345)	(98 415)	1 519 316	(84 913)	(1 095)	(15 194)	(3 991)	15 088	1 976 600	0		1 976 600
2014 Actual Expenditure	R'000	000	332 130	765 802	401 360	705 258	1 547 984	1 423 685	1 184 613	145 026	2 438 013	1 897 960	4 167 127	8 913 694	427 642	178 283	150 444	4 710	6 38 8	27 190 661	(2 657 554)		24 533 107
2014 Actual Income	R'000	710	32 93 1	9 034 133	98 288	64 971	264 630	266 618	95 010	3 224	2 839 819	1 042 615	4 068 712	10 433 010	342 729	177 188	135 250	218	21 477	29 167 261	(2 657 554)		26 509 707

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eThekwini Municipality and its Municipal Entities Annual Financial Statements for the year ended 30 June 2015 Notes to the Annual Financial Statements Figures in Rand thousand

APPENDIX B: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015 - MUNICIPALITY

	2014	2014	2014		2015	2015	2015
	Actual	Actual	Surplus/		Actual	Actual	Surplus/
	Income	Expenditure	(Deficit)		Income	Expenditure	(Deficit)
	R'000	R'000	R'000		R'000	R'000	<u>R'000</u>
	32 951	352 130	(319 179)	Executive & Council	34 211	396 382	(362 171)
	9 2 9 6 6 3 6	2 519 832	6 776 804	Finance & Admin	9 281 212	2 714 343	6 2 2 6 8 6 9
	245 918	765 802	(519 884)	Planning & Development	257 445	794 703	(537 258)
	98 288	401 360	(303 072)	Health	137 038	398 770	(261 732)
	64 971	705 258	(640 288)	Community & Social Services	101 330	788 623	(687 293)
	264 630	1 547 984	(1 283 354)	Housing	654 048	1 745 975	(1 091 927)
	266 618	1 423 685	(1 157 067)	Public Safety	536 549	1 645 866	(1 109 317)
	95 010	1 184 613	(1 089 603)	Sport & Recreation	95 213	1 236 123	(1 140 910)
	3 224	145 026	(141 802)	Environmental Protection	5 824	156 287	(150 463)
	2 839 819	2 438 013	401 806	Waste Management	2 828 404	2 616 522	211 882
	1 042 615	1 897 960	(855 345)	Road Transport	1 645 252	2 010 728	(365 476)
	4 068 712	4 167 127	(98 415)	Water	4 848 795	4 551 615	297 180
	10 433 010	8 913 694	1 519 316	Electricity	11 388 268	9 633 539	1 754 729
	342 729	427 642	(84 913)	Other	361 435	455 111	(93 675)
	707 100	700 00	100		100	00111100	007 000 0
	29 095 131	Zb 890 1Zb	2 205 005	Sub lotal	32.175.025	29 144 589	3 030 436
				Share of Income from Joint			
	15 083		15 083	Venture	4 969		4 969
l í	(2 657 554)	(2 657 554)	0	Less Inter-Dep charges	(2 755 771)	(2 755 771)	
	26 452 660	24 232 572	2 220 088	Total	29 424 223	26 388 818	3 035 405
ļ							

eThekwini Municipality and its Municipal Entities Financial Statements for the period ended 30 June 2011 Notes to the Financial Statements Figures in Rand thousand

APPENDIX C

DISCLOSURE OF GRANTS AND SUBSIDIES INTERMS OF SECTION 123 MFMA.56 OF 2003

																ŀ			
AND THE COUNTY ON	TAXES TO MAN OUT OF TAXES			, and a second	STORING VIGITARIO				VIGHT	OLIA DEED IN DANAGENEE				GRANTS AND SUSBSIDIES	SUSBSIDIE		REASONS FOR DELAYS OF	DID YOUR MUNICIPALITY COMPLY WITH THE	REASON FOR
GRANI DESCRIPTION	NAWE OF ORGAN OF STATE			200	ENLT RECIEP IS	•			GOARIERE	PATMENTS			ă	DELAYED/WITHHELD / PAID BACK	IELD / PAID		FUNDS	GRANT CONDITIONS IN TERMS OF THE GRANT	COM PLIANCE
		SEPT	DEC	Σ	MAR	NOr	TOTAL	SEP	DEC	MAR	NOr	TOTAL	Sep	Dec	Mar	nnf		Yes/No	
		R'000	R'000		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	0 R'000	R'000	R'000			
EQUITABLE SHARE	NATIONAL TREASURY	787	727 727	663 349	538 972		1 990 048	787 727	663 349	194 560	344 412		1 990 048					Yes	N/A
URBAN SETTLEMENT DEVELOPMENT GRANT	HUMAN SETTLEMENTS	380	380 019	750 030	670 027	-	1 800 076	308 990	569 528	321 680	828 65 878		1 800 076					Yes	N/A
FINANCIAL MANAGEMENT GRANT	NATIONAL TREASURY	1	1 250	0			1250	1 164	1 650		1 479 1 108	38	5 401					Yes	N/A
INTEGRATED CITIES DEVELOPMENT	NATIONAL TREASURY	26	26 311	26 310			52 621			30 963			52 621					Yes	N/A
INFRASTRUCTURE SKILLS DEVELOPMENT GRANT	NATIONAL TREASURY	16	16 500	0	8 925	1 500	0 26 925	11 795	3 934		9 198 1 997	37	26 925					Yes	N/A
NRF	NATIONAL RESEARCH FOUNDATION		524	32			556	17		26	26	9	62		204	Uns	Unspent portion returned to Funder	Yes	N/A
																	Accrued Receipt.Funds received		
GOVERNMENT HEALTH SUBSIDY	KZN DEPT OF HEALTH			-	27 000.00	24 765.22	2 51 765	30 341	30 341	130 341	30 341		121 365			69 600 in J	in July 2015	Yes	N/A
																Αp	A portion of the rollover was not		
PTIG	NATIONAL DEPARTMENT OF TRANSPORT	100	100 000	0	554 751		0 654 751	141 408	184 215	.5 302 316	316 114 126		742 064	310 201	Ę-l	app	approved.Funds returned to	Yes	N/A
PTNOG	NATIONAL DEPARTMENT OF TRANSPORT	20	20 000	35 000	65 820		0 120 820	7 785	8 794	11 590	590 7 941		36 111					Yes	N/A
V UNA AWARDS	NATIONAL TREASUTY		0	0)	L) 0	0		0	0	0	0					Yes	N/A
NEIGHBOUR HOOD DEVELOPMENT GRANT	NATIONAL TREASURY	4	4 695	3 756	25 804	-	34 255	371	1 249		630 13 582	32	15 832	3 181	н	Roll	Roll over not approved.Funds returned to National Treasury	Yes	N/A
EXPANDED PUBLIC WORKS PROGRAMME	DEPARTMENT OF PUBLIC WORKS	13	13 662	10 246	10 246	-	34 154	14 757.54	12 130	-3 822	322 18 080		41 145					Yes	N/A
DEPARTMENT OF HUMAN SETTLEMENTS	DEPARTMENT OF HUMAN SETTLEMENTS				20 000:00	115 500	0 135 500	3 86 307	225 650	37 092	92 105 704		454 752					Yes	N/A
DEAT	DEPARTMENT OF ENVIRONMENTAL AFFAIRS				5 742		5 7 4 2		2	23 -			23					Yes	N/A
GRANT ACCREDITATION	DEPARTMENT OF HUMAN SETTLEMENTS			32 578.40	2 737	. 6 633	3 41948	-	203		41 245		41 948					Yes	N/A
NATIONAL ELECTRIFICATION PROGRAMME	DEPARTMENT OF MINERALS AND ENERGY	15	15 000				15 000	9 184	12 343	12 378.56	56 -16 692	7.5	17 2 14					Yes	N/A
ESKOM	DEPARTMENT OF MINERALS AND ENERGY						,	71	-71	- 1	1 440	0:	1 440					Yes	N/A
DEPARTMENT OF MINERAL AND ENERGY (EEDSM)	DEPARTMENT OF MINERALS AND ENERGY						0	- 0	1 072		690 6 626	6:	11 114					Yes	N/A
DEPARTIMENT OF ARTS AND CULTURE	KZN DEPARTMENT OF ARTS AND CULTURE			5 750	118 320		124 070	7 383	13866	56 10 842	42 10 534		42 625					Yes	N/A
KZNPA SUBSIDY	KZN DEPARTMENT OF TRANSPORT					4 425	5 4 4 25		ľ	ľ	4 425	.2	4 4 2 5					Yes	N/A
COGTA	KZN- COGTA	1	1 000				1 000	- "	1 021		540.00	0.	1561					Yes	N/A
DISASTER FUND	NATIONAL DISASTER FUND				908	,	908						0	957	7	Uns	Unspent portion returned to Nation Treasury	Yes	N/A
NATIONAL DEF MUNICIPAL HUMAN SETTLEMENT CAPACITY GANT SETTLEMENTS	NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS				52 469	,	52 469	4 707	3319	9 2 841	41 1 621		12 489					Yes	N/A
													L						
GRAND TOTAL		1366 688	889	1 527 051	2 101 619	9 152 823	3 5 148 182	2 1412390	1 733 171		963 089 1 310 593		5 419 243						1

eThekwini Municipality and its Municipal Entities
Financial Statements for the period ended 30 June 2015
Figures in Rand thousand
APPENDIX D:MOSES MABHIDA STADIUM - DETAILED STATEMENT OF FINANCIAL PERFORMANCE

	2015 R'000	2014 R'000
REVENUE	K 000	K 000
Rental of facilities and equipment	43 549	64 303
Rent Non Bowl Events	6 899	11 217
Rent Bowl Events	18 051	36 900
Rent Shops	11 645	11 343
Suites & Business Clubs	6 095	4 161
Rent Parking Bays	859	682
Other income	12 063	13 739
Adventure Walk	12 003	51
Other Attractions-Income	465	0
People's Park	5 950	6 520
Skycar	3 760	4 777
Sponsorships	821	1 805
Stadium Tours	670	516
Sundry Income	271	70
otal operating revenue	55 612	78 042
XPENDITURE		
Bad Debts	515	228
Bad Debts Provision	515	228
Depreciation - Property, Plant and Equipment	113 913	113 129
Depreciation	113 913	113 129
General expenses	91 548	68 224
Electricity	14 317	13 391
Fuel & Oil : Vehicles	302	150
Refuse Removal	979	954
Stadium Operational Costs	72 518	50 368
Hire Of City Fleet	0	232
Water	3 432	3 129
otal operating expenditure	205 976	181 581
DEFICIT FOR THE YEAR	-150 364	-103 539

VOLUME THREE DURBAN MARINE THEME PARK (Pty) Ltd. ANNUAL REPORT incl. ANNUAL FINANICIAL STATEMENTS



unlimited fun

1. PROFILE OF THE UNIT

uShaka Marine World's vision is:

"To create awareness of conservation through fun, knowledge and adventure"

The two fundamental objectives for uShaka Marine World, encapsulated in the City's initiation document are for uShaka to serve as:

- a catalyst for urban renewal around the Point Precinct
- a strategic tourism facility for the city of Durban, as well as the province as a whole.

The culture of the company revolves around three core values:

- Consistently high standards
- Accountability for actions
- Passionate about service delivery

This flagship project was developed with the aim of regenerating the Point Precinct and has become a major tourist destination for both the national and international visitors alike. It has created a number of jobs, economic opportunities and has opened up new learning enhancement for schools through the operations of the Sea World Education Centre. There has been a considerable "multiplier effect" in terms of factors such as tourism attraction to Durban and a rise in adjacent property values (and related rates income for the city). uShaka employs approximately 492 staff and has contributed immensely to economic growth of the City.

Paid footfall into the two main components of the park (i.e. Sea world and Wet 'n Wild) for the year ended June 2015 came in at 1 133 849 admissions. The two additional paid environments, namely Dangerous Creatures and uShaka Kids World contributed additional footfall of 140 216, bringing the total number of admissions for the period ended June 2015 to 1 274 065.

Employing approximately 783 staff (including the South African Association for Marine and Biological Research and staff seconded to the Moses Mabhida Stadium), uShaka Marine World, being a recapitalization business model, is required to continually reinvest in new rides/attractions in order to maintain footfall. The success of the park to a large extent depends on the so called "recap model" utilized within the themepark industry to ensure that aging assets are continually upgraded and that new and exciting attractions are introduced at periodic intervals. This also has the added benefit of counteracting competitors and although there has been a small impact on footfall with the opening the waterpark in Port Edward, as well as a smaller one at Gateway, there are no serious competitors to the park with regard to its overall offering at this stage. This may of course change with time and there

has been some talk about a new large waterpark up the North Coast that may pose a more serious threat.

OVERVIEW

The Park consists of Sea World; Wet 'n Wild, uShaka Kids World, and the Village Walk. It is majority owned by the eThekwini Municipality with shareholding of 99,9% through a company called Durban Marine Theme Park SOC LTD (RF) (DMTP), with remaining 0,1% owned by the Development Bank of Southern Africa (DBSA). The South African Association for Marine Biological Research (SAAMBR) is an independent contractor operating the Sea World component of the theme park (a Section 21 Company incorporated not for profit).

Covering 16 hectares, uShaka Marine World is the largest marine theme park in Africa and consists of four distinct divisions:

Wet 'n Wild

This outstanding park consists of water based slides and rides, and is a must for any aquatic enthusiast. Featuring heated water, exciting slides, the highest slide in Africa, a 450 metre Duzi Adventure River, as well as souvenir stores and restaurants, Wet 'n Wild is a must for any family wanting a fun day out in the sun. Wet 'n Wild is the main attraction during peak seasons - particularly in summer and capacity constraints come into play during these times.

Sea World

The jewel in the crown of uShaka Marine World, Sea World boasts not only the largest aquarium in the southern hemisphere, but also a 1,200 seater dolphin stadium, a 450 seater seal stadium and the "Phantom Ship" consisting of restaurants and bars. The "Wreck" aquarium is an underground aquarium featuring 5 themed shipwrecks and approximately 10,000 creatures. Sea World plays a major role in positioning the park as an exciting destination with a conservation ethos.

uShaka Kids World

uShaka Kids World has been designed with kids under the age of 12 in mind; a place where children truly have the freedom to play! Sandwiched between Sea World and the Village Walk, uShaka Kids World is a haven for young kids and was designed with a host of activities and interactive areas. Boasting Africa's biggest jungle gym, it also has Crabby Beach (giant sandpit), Polly's Paint Pen (painting paradise), Cast-Aways (show time stage area, with interactive mascot shows) and a "wet area" called "Splish Splash Sprinkler Zone".

Village Walk

This uniquely themed shopping centre covers 10 205m2 and has 76 outlets ranging from fashion, craft to fast foods and themed food and beverage outlets. The Village Walk has emerged as a destination shopping centre because of its unique casual outdoor "look and feel" The inclusion of Dangerous Creatures, the new Rope Adventure within the centre and being the access point to Kids World and the Theme Park has cemented this uniqueness.

2. BUSINESS STRATEGY KEY PRIORITY PROJECTS

Animal Encounter Island

- The spec for the island was agreed to and tender documents prepared late 2014 these progressed through bid spec committee early in January and the tender to build two bridges and the facility on the island was advertised from the 6th of February with a compulsory site meeting being held on the 12th of February, the tender closed on the 27th of February and the bids submitted were scrutinized, one of the tenders that met the majority of the tender criteria was recommended but that tenderer unfortunately came in over budget.
- After evaluating the recommended bid it was decided to adjust the provision accordingly and allow the recommended tender to proceed through the municipal tender process.
- Barring any objections being tabled, the earliest an award could be expected would be in July
 and should this prove to be the case, we are left with a very tight timeline to get this facility
 ready by season.

Rope Adventure Course

- This tender was awarded to Chimp & Zee early in January, after initial discussions between the Chimp & Zee management and the uShaka project team, the construction methodology and project plan were finalized.
- The construction drawings were ready for submission mid-February and were officially approval towards the end of March.
- Construction started in early March with an opening of the facility scheduled for July 2015.

Village Walk - Planters and Seating upgrade

 Brick bund walls with reinforced concrete foundations were erected late last year in the village walk arenas. Benches were fitted on top of the walls for use by the public and have proven to be rather popular. Work is continuing with smaller versions of these bund walls built around the flower beds in arena six.

Village Walk - Floors

- SNA civil engineers were awarded the contract to supply a detailed scope of work to rejuvenate the rough concrete areas around the village walk.
- A full set of structural drawings were obtained and the process to map the areas where repairs are required was completed in March the final technical report is due at the end of May.

Slide Upgrade - Squid

• This project entailed installing theming on the Squid slide in the form of a squid sculpture and bright coral theming. This project has been completed and has added more feature and interest to the slide.

Wahooz stage area

 A permanent suspended canopy / cover was conceptualized in January, the purchase order to install a purpose designed robust suspended canopy for the Wahooz stage area was issued to MTT. Work is in progress with installation due at the end of May.

Installation of SAAMBR pumps

• The first two batches consisting of 47 new Corro pumps in total have been delivered to date these are to progressively replace the cast stainless steel sea water pumps that were originally installed over three years terminating at the end of the next financial year, 43 pumps had been installed by the end of April so the project is on schedule at this time.

Ozone generator SAAMBR

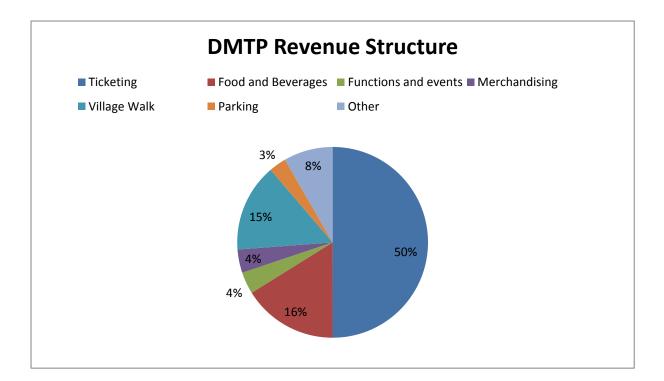
• Two large ozone generators to replace the many small ozone generators that served individual exhibits have been installed in seawater plant rooms 1 and 3

Sustainability

 Several water saving and rainwater harvesting initiatives have been investigated during the last quarter of 2014 and the first quarter of 2015 • An initiative to reuse back wash water from the water park has been identified as being viable and has been explored in detail,, this proposal has progressed beyond technical specifications and is currently at the point where tender specifications are being finalized on two options one involving a considerable capital investment upfront the other involving a contract for others to invest and operate the system with return on investment being received via a percentage of the municipal water saving achieved over a fixed contract term of three years

3. PERFORMANCE TRENDS

Durban Marine Theme Park revenue is driven by the footfall and ticketing revenue is the key driver representing 50% of total revenue as highlighted below.



During the 2014/15 financial year footfalls decreased by 3% from prior, this impacted negatively to all footfalls driven revenue:

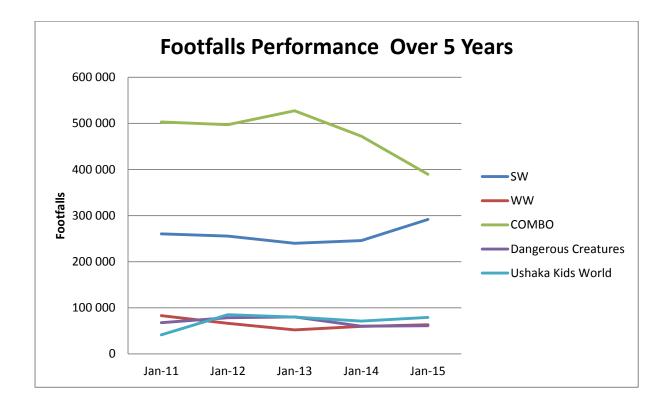
- Ticketing revenue increased by 4% from prior year which is well below the average tariff increase of about 11% on year on year
- Noticeable decrease in footfalls is in COMBO tickets sold which decreased by 17% from prior year

Decrease in COMBO sales has a big impact in our revenue as we use COMBO to drive our sales. Over the last five years COMBO ticket sales have been on a decline.

There are some footfalls driven revenue centres which reported an increase in 2014/15, this included: Sea World (SW), uShaka Kids World (UKW), Dangerous Creatures (DC) and Wet and Wild (WW) all increased from prior year and the noticeable increase is in Sea World which increased by 19% from prior year.

To increase the footfalls going forward we need to increase capital investment on infrastructure projects, i.e. new attractions/offerings in the park. The industry we are in requires continuous improvement in offering and attractions to sustain the demand. Lack of or inadequate major capital investment in the park over the past year has had a negative impact on the revenue. The following needs to be considered going forward:

- Development of the park short to long term infrastructure master plan;
- · Raising funding in terms of the approved Funding Policy



Operating expenses

Operating expenses increased by 2%, again we see the impact of costs containment taking into account the average expenditure increase from prior of more than 5% with salaries increased by more than 7%.

Liquidity Position

DMTP remains liquid with an increase in cash balance from R 37 million (2014) to R42 million (2015) **Working Capital management**

Our total current assets increased from R46 million (2014) to R49 million in (2015), this is due to the increase in cash balance. Our current liabilities increased from R26 million (2014) to R110 million in (2015), this is due to moving long term debenture from long term liabilities to current liabilities amounting to R84 million).

Going Concern

A resolution by the eThekwini Council was passed on 24 June 2014 confirming the following: Extract from council minutes: "Taking cognizance of the International Convention Centre and Durban Marine Theme Park operating at a break-even level, excluding depreciation and finance charges, the Council confirms its commitment to ensuring the future financial viability of the International Convention Centre and the Durban Marine Theme Park and more specifically to meet any funding shortfalls that may compromise their ability to continue trading as a "going concern."

The economic impact of eThekwini by uShaka Marine World's construction and operational expenditure (data analysed from 2004 to 2012, reported as of March 2013) was:

Economic Impact

- R 1,960,222,431 contributed to eThekwini GGP
- R 6,483,497,929 in new business sales
- Provision of prime trading space for 69 businesses, 37% of which are SMMEs
- Employment for an average of 22 services businesses per annum, 11% of which are SMMEs on average
- 39 businesses supplying uShaka with catering services, 20 of which are SMMEs
- R57 978 225 has been paid out to businesses in this way; where R29 708 176, or 52% of this was paid out to SMMEs.
- Hiring of 1005 performing artists per annum, since inception
- Provision of operating space for 2 ancillary businesses and 2 donation based ventures.
- R331 million (increase) in property prices, in the area bound by the beach front to the east,
 Anton Lembede Street to the north, Bell Street to the south, and Mahatma Gandhi Road to the west. This is an average of R42 000 increase in property value per sectional title unit.

Socio Economic Impact

- 6 062 jobs directly added to eThekwini (through the direct employment impacts of construction, as well as operational employment at uShaka, SAAMBR, Village Walk, and surrounding businesses)
- 5 338 indirect jobs added to eThekwini (through suppliers and service providers to uShaka)
- A contribution of R 1,246,628,200 to incomes in eThekwini
- 3 506 induced jobs added to eThekwini (through increased incomes)

Social Impact

- An average 34% annual increase in learners visiting the Education Centre and receiving quality marine and conservation given a very high positive impact rating;
- An average of 25 more teachers per annum attending workshops and receiving tools to enhance teaching at their respective schools - a very high impact rating;
- A significant increase in numbers reached during outreach initiatives, particularly during the 2004/5- 2008/9 period - a very high impact rating;
- A contribution of maintaining in higher education activity through facility provision given a high positive impact rating;
- An increase in the quality of life for residents of the Durban Point Precinct through the provision of amenities and entertainment within walking distance given a high impact rating;
- A close to eradication of crime through the development of the Durban Point Precinct, and maintenance of safety through the Durban Point Waterfront Association, to which uShaka is a regular contributor - given a positive medium impact rating;
- The addition of a key attraction to the City, Province and Country, which assists in drawing domestic and international tourists mainly to the City, and to other attractions within the City.
 This was given a very high impact rating.

Tourism Impact

- Tourism draw card to KZN (primary) and eThekwini (primary), and South Africa(tertiary)
- Provides marketing leverage for other tourism products in the City
- Adds bednights in accommodation industry in the City, and benefits other linked tourism businesses (e.g. restaurants).

4. CHALLENGES AND MITIGATIONS

The current Risk profile has SEVEN Risk areas, with about 39 actions in the Response Plan. Out of these 8 have not been completed; with 6 of these 50% and above close to completion, and 2 of those 50% and less in terms of completion (these mostly being HR related). Also note there were 5 action items that were migrated from the 2013/4 register which is now completed. A new Risk Profile for 2015/16 has been developed through an assessment and review process undertaken by

management, involving different levels. This has taken the current Business Plan into account and will be presented here today, for approval. Efforts were done to ensure that this is also pitched at a strategic level, with other aspects included within the Operational risk profiles at departmental level.

Improvement Action Plans

- Off-Peak Season strategy has been developed (see attched).
- Pricing Committee has been developed and has presented progress report and measures taken at FinCom Board Committee (including reviewing the Combo package).
- Funding Strategy has been developed and is submitted to Board today for approval.
- Organisational structure, process and systems review process has commenced, in line with Board recommendation.
- New Revenue generators (Teambuilding packages, Events enhancement, maximising use of the Park and Partnerships) have been identified, and in the process of being sourced.
- Food and Beverage; and Merchandising units' performance under review

5. SUMMARY OF SUCCESSES AND AWARDS

- uShaka was rated high in upliftment of quality of life in the precinct and to safety establishment.
- For as long as uShaka has existed, it has been voted one of the top 3 most fun local South
 African destinations to visit in the annual Sunday Times Coolest National Brands Survey.
 Coinciding with this, Durban is ranked the 3 coolest local holiday destination, illustrating
 uShaka's close correlation with the City of Durban.
- uShaka has received a number of awards and accolades since inception, including the Federated Hospitality Association of South Africa East Coast Award for its contribution to tourism in 2010.
- Whilst these are not all directly quantifiable, they are indicative of the strong brand that has been created, directly promoting tourism in the region.
- · A few of the recent awards won by uShaka include the
 - KZN Lilizela Award 2014 Culture and Lifestyle
 - KZN Lilizela Award 2014/5 Marine Adventures
 - Trip advisor 2014
 - Silver award SALI to Vico Landscapes for uShaka Marine World
 - Top Choice 2015 Best in Asian Tourist
 - Trip Advisor Hall of Fame 2015

It is clear that uShaka Marine World has had a largely positive impact on the Point Precinct, the City, Province and Country. uShaka Marine World has been a channel through which the eThekwini has effectively contributed to its mandate of achieving Africa's most caring and liveable City by 2030.

6. FUTURE FOCUS OF THE DEPT FOR 2015/6

BUSINESS STRATEGY

uShaka Marine World being a theme park re-capitalisation business model is required to continually reinvest in new rides/attractions to maintain footfall, however, not at the expense of ignoring existing infrastructure. The DMTP board has endorsed the strategy of both offensive (i.e. footfall enhancing) and defensive (i.e. maintenance oriented) spending in order to ensure the park remains enticing to its existing and new guests. This balanced approach to capex is intended to have the following results:

- Ensure the park runs at optimal efficiency
- Maintain or raise operational standards
- Comply with all legislation (as well as audit/risk findings)

The existing strategic objectives that have been in place over the last 4 years have been driven actively by the various operating divisions of the park and each year refinements are made. These focus areas were identified to enhance both footfall and revenue. It is important to note that sitting above these specific objectives is a pricing strategy that is geared around yield optimization (i.e. the optimal mix between footfall and ticket prices). This is core to the main revenue stream of ticketing and the flexibility of the marketing department around offering discounts during off-peak".

The objectives below also cut across both ticketing revenue and other revenue streams that the park generates. It is indeed fortunate that the park has well diversified revenue streams which are discussed under the financial review section in more detail.

Repeat visitation.

Apart from the focus on the role of passes, various other marketing initiatives continue to be explored to tap the existing market more extensively. The platinum pass base has been grown extensively and will continue to be one of the major focus area in the 2015/16 financial year. In addition to the platinum pass, a major focus on the Play Pass will continue to be sold to guests with kids who visit the uShaka Kids Worlds attraction.

Kids market.

The kids market is divided into the under 12 segment and the teen market. Both will continue to be targeted, with uShaka Kids World providing the thrust into the younger segment, augmented by an improved birthday offering. Events will also be used to attract guests to the Kids World attraction. There are plans to do at least 2 events in the current financial year (2015/16) market. The kids market will in the 2015/16 financial year be

supported by a schools activation and visitation drive through the company's Brand ambassador employed by uShaka.

· Merchandising.

In the last Financial Year the only physical change in the Merchandise outlets was the relocation of one outlet from Kids World to Shop A1 in Village Walk. The Revenue from the new outlet was increased as a result. Overall however the Revenue is linked to Footfall and the disposable income of that Footfall. There are many alternative spend opportunities drawing on the Guest's purse not least the improved offering for the Photo opportunity in the park that increased its sales fivefold whilst including in the photo pack several items that were the domain of Merchandising including keyrings and post cards. In the New Year emphasis will be placed on upselling to improve the Per Cap spend, plus a consolidation of the Mascot Range and the introduction of some new design tee shirts. In season, an effort will be placed on interactivity with passing Guests, and the introduction of Pressed Coins with uShaka motifs.

Sea Animal Encounters

The New Sea Animal Encounter Island will be opened in December 2015. This will allow for the Guests to participate in the interactions with the Sea Animals without paying the entrance fee into Sea World. Two new activities, the Back of House Tour and the Fish Feed to the exclusion of the Scatter Feed) will be introduced. Unfortunately the Dolphin and Seal Encounter offering is continually limited for a variety of reasons and this has served to limit the offering in this Department. Further the intended offering of the interactive activity with the Nurse Sharks has no implementation date. The Island will offer new opportunities for Functions and the Anchor Hold Restaurant.

Food and Beverage

Think global and act local and that is the business motto on what the food and beverage department is basing its strategy on. Globally food and beverage trends have been shifting into more healthy offerings over the years with the introduction of not only healthy meals in restaurant but fast food and vending as well, without losing that quality of course.

Wahooz on the promenade is still maintain that strong hold as the live weekend entertainment capital on the beach and cocktails are still the biggest selling drink of choice. The strategy for this outlet is to slowly strengthen the food element of the outlet with the introduction of meal specialties and emphasize on special days. Fast food and vending has expanded with the introduction of the Treasure Island at kids world and the birthday intake for platters has seen growth in the last few month and that is due to the correct or competitive pricing model adopted in the department to entice sales within not at Village Walk.

The Functions department has had to shift its emphasis and strategy to more external events and strengthen relations with the city in order to secure more business.

The Cargo Hold is set on revamping itself as a culinary destination of choice through its events. Food Meets evenings are set to be a driving tools which will be used as basis for PR as well introduction of the outlet to new and exciting clientele through partnerships and events.

Events

Bigger and longer events have been driven with various anchor events planned on an annual basis (the three key events being Dolphins by Starlight, Halloween and Easter Egg Hunt). These anchor events have proven to be successful over the years and will be marketed extensively in the 2015/16 financial year. New events will be introduced (such as the Splash with the Star Concept & Secretaries Day). These will form part of the off peak strategy for uShaka

New Targeted markets

As stipulated in the marketing strategy, uShaka's target audience was revised to include an emerging and fast growing black middle class. The Living Standards Measure was also revised and lowered from LSM 7 to LSM 6. This was all done in order for uShaka to penetrate markets where uShaka was not well known in the past and to people who did not come to uShaka because they did not know the offerings of the brand. The targeted new market is national based and will be targeted via a variety of national and regional media that is relevant to this audience. This however will not be done not carefully not to isolate uShaka's traditional market who have supported the park over the years

Sustainability

Sustainability goes well beyond improving operating efficiencies and developing innovative marketing strategies. We understand that by being seen as a socially responsible organization with integrity and adopting a balanced approach to performance, we are more likely to deliver a premium visitor experience, as well as attract and retain the best employees. Executive management have decided to align the policies and practices to the King 3 sustainability standards and the process of creating a framework, policy and processes to monitor compliance has begun.

The uShaka Marine World approach to sustainability is based on the following principles:

- management of human resources is also done with long term strategic objectives in mind, incorporating employee wellness;
- ensuring a rigorous approach to risk & compliance management;

- ensuring that the role of marketing the destination has strategic relevance with the objective of growing the footfall over the long term;
- promoting long-term marine conservation through awareness;
- o utilisation of natural resources in a responsible manner;
- making a positive socio-economic contribution to the Point Precinct, the City of Durban and the Province of KwaZulu-Natal;
- o reducing our environmental footprint.

People Philosophy

We sell experiences to our guests on a daily basis; this is delivered through our most valuable assets, our staff. Executive Management have agreed and committed to engaging with staff to improve the working environment to ensure that both our guests and staff have an unlimited fun experience. It is acknowledged that our People should be an important element of the mix of our offering as destination itself, the physical plant and the maintenance thereof. uShaka has committed itself to invest in the People Philosophy concept that may elevate its offering to the staff through the creation of an environment that will inspire the staff to strive for the best for both themselves and the company. The result will be a more motivated team and a people-centric culture as is typical in the hospitality business. The resultant heightened productivity and attitude, and the consequent improved customer satisfaction and business levels, will be the desired outcome. Through an internally conducted survey and relevant consultation, a new People Philosophy has started to emerge. This is supported by a formal action plan with deadline dates and responsibilities allocated. This will necessitate some capital expenditure and some additional operating expenditure for which a small interim fund has been made available

7. INCORRECT MEDIA COVERAGE

NONE NOTED

B. ADDITIONAL INFORMATION RELEVANT TO UNITS PERFORMANCE

Health and Safety

62 patients were treated at Medix Clinic, 5 being first aid treatment administered to staff. There was 1 lost time injuries for the month of June. The injuries are as follows:

Total Injuries

	June		YTD	
Year	2014	2015	2014	2015
Guests	43	57	1702	1683
Staff	2	5	82	84
Total	<u>45</u>	<u>62</u>	<u>1784</u>	1767

Guest Injuries

- The following areas had most injuries:
- Lazy River 42%
- Wet & Wild 16%
- Tornado 16%
- Most injuries were due to lacerations and abrasions on legs and arms.

Security

Incident Reports	Apr-15	May-15	June-15	YTD
Criminal Case	16	8	6	118
Company Rules & Regulations	3	3	1	18
Sundry Incidents	51	30	7	388
Total Incidents	70	41	14	524

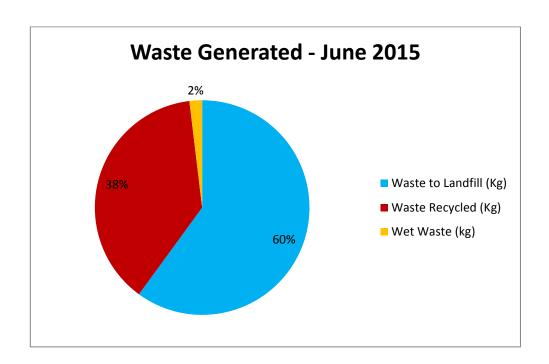
Cleaning and Waste

The Waste Management Division collects, transports, treats and disposes of waste in an environmentally friendly and economical way.

Waste statistics for the month are as follows:

			YTD	
			Financial Year	Financial Year
MONTH	June-15	June-14	2014/2015	2013/2014
Total Waste Generated (Kg)	110 282	-	1 449 780	-
Waste to Landfill (Kg)	66 200	-	977 250	-
Waste Recycled (Kg)	41 982	24 466	441 950	334 575
Wet Waste (kg)	2 100	-	30 580	-

Breakdown of Waste Recycled										
Cardboard (Kg)	11 950	9 214	146 434	92 074						
Mixed Paper (Kg)	6 290	2 742	60 274	36 440						
PET(Kg)	2 177	1 894	24 503	35 112						
Mixed Plastic (Kg)	220	150	3 301	6 005						
Cans (Kg)	2 745	1 149	23 903	22 236						
Glass (Kg)	18 600	9 317	183 535	142 708						



Human Resources

Personnel Administration

Headcount as at 30th June 2015

Permanent	FTC	Total	DMTP MMS DIVISION
492	492 69		135

Turnover Statistics:

Monthly: 1.01% based on headcount as at 30th June 2015

Retail

- Revenue was R1 663K (after annual straight line lease adjustment) and was R888K over Budget. YTD Revenue is R1 727K above Budget
- At the end of June there was 139 sqm of vacant space (one outlet) in uShaka Village Walk.
 The Centre was 98.66% occupied

Merchandising

- Revenue was R327K and was R35K below Budget. YTD Revenue was R7208K (88.3% of Budget) and is R950K below Budget.
- YTD Cost of Sales is 44% against a Budget of 47%.

Animal Encounters

 Profit was R53K and was R230K below Budget. YTD Profit is R272K below Budget (88.4% of Budget YTD).

Marketing

Marketing focused on campaigns with the intention to inform guests of all activities at uShaka in order to drive them to visit the park. A campaign entitled AWESOME April was the month's main driver which showcased activities ranging from the Easter Egg Hunt, Mr. & Miss uShaka Finals, Mr. & Ms. uShaka Kids World finals, The Craft Beer Festival to mention a few. The campaign was supported by traditional marketing as well as partner deals with sponsors such as Nestle and Beacon.

To push the numbers even further, it was important for uShaka to focus on activations at Sporting events and tournaments as this has proven to be successful in the past. An opportunity was also noticed on the calendar as there were 2 public holidays falling within the last week of April. uShaka marketing took this opportunity by focusing on digital marketing and driving guests to download a discount voucher over the online platform. The results were astounding with redemption ranging from 500 to 1000 vouchers per day over the week.

The following is the summary of activities:

Summary of Activities

- Main Campaign
 - AWESOME APRIL 30 DAYS...3000% FUN!
- Activations
 - Schools Sport Activities & Tournaments

- Retail
 - Find a Bunny in-store promotion
 - Cruise Ships
- Entertainment & events
 - Easter Egg Hunt
 - Mr. & Ms. uShaka Semi Finals (March) & Finals (April)
 - Mr. & Ms. uShaka Kids World Semi Finals (March)
 - Mr. & Ms. uShaka Kids World Talent Show & Finals (Both in April)
- Digital
 - Mr. & Ms. uShaka online voting & fan page
 - Focus on uShaka as a place where dreams come true
 - Easter Egg hunt and find the bunny competition & winners
- Voucher redemptions (March & April):
 - 6070 Service Vouchers
 - 4003 Stanger & Tongaat
 - 3447 Pietermaritzburg
 - 1666 Facebook Vouchers

It is important to note that voucher distribution in and around Durban has in the 2014/15 financial year been decreased. This is in order to maximize on full-paying guests which will boost revenue. Going forward, a majority of marketing campaigns will focus on increasing full price guests.

Digital Marketing

Digital Marketing did a mix of traditional methods as well as introduced some new concepts in the Digital space, especially on social media. It was decided to do posts that are more brand oriented rather than those that are information based. This was done such that fans on Facebook can interact with uShaka on a deeper level touching their emotions rather than being a call to action only. The post was entitled "uShaka, The Place of Dreams". The post was directed to a young girl audience and their mothers.

Over and above this, Digital marketing focused on the Easter Egg Hunt event, Peak Season entertainment, Highlighting Animal Encounters as well as a big drive on Wet 'n Wild at uShaka. The performance of these online initiatives is displayed as follows:

Website Statistics

The uShaka Marine World website, www.ushakamarineworld.co.za had a total visitation of 51 518 hits. This is a 4% increase from the previous month. The most visited pages on the website include Rates & Times, Entertainment Times, and Events & Promotions

Page Entertainment Times: 1 35%

• Page Events & Promotions: 1 40%

Page Wet 'n Wild: 1 20%

Page Animal Encounters: 1 15%

Social Media

The performance on social media, especially Facebook, produced phenomenal results over the

month of March. Most activities were seen towards the end of the month which is not surprising as

most people were checking for information regarding the school holidays. Other activities were due to

events and promotions at uShaka. Some statistics to note are as follows:

Ms. Teen uShaka at 34 000 views

Mr. uShaka at 35 000 views

Ms. uShaka at 54 000 views

Facebook Voucher Deal in April

The Unity Deal Facebook promotion commenced on the 27 April to commemorate our freedom during

awesome April.

R99 Unity Deal downloads views:

April: 13,936

Voucher Redemptions: 1 666 over 2 days for April only

Social Media Statistics

Facebook Fans: 160 849

Twitter Followers: 6,641

Instagram: 2,329

uShaka enjoys an average total audience of 173 492 people per day across all online channels.

Public Relations

Public Relations remain a very important tool for uShaka, focuses on bringing down more guests to

the park through powerful editorials and magazine television shows. In 2015, a number of PR

activities showcasing the park to the local market and the African market as large we undertaken

These include print adverts for the South African Tourism campaign, Feature on Good Taste

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magazine, a DSTV insert for the Easter Egg Hunt event, Mr. & Ms. uShaka social pics, the SABC's SOS challenge, SABC 2's La Familia program to mention a few.

Outside of these activities, Public Relations focused on a number of soft social issues which were opportunistic for the park. This included the putting together of a story focusing on a retiring tour guide in Durban as well as focusing on a school for the physically challenged whose visit was in the month of April.

Cruise Ships

The 2014/ 2015 Cruise Ship season is came to an end in April, with the last 2 visits that came from the MSC Cruise Ship Opera. The next season starts from November 2015.

Entertainment/Events

On the 24th of April 2015, a meeting was held with Department of Arts and Culture to discuss 2015 and 2016 partnership. Meeting was a success and MOA (memorandum of agreement) will be sent to uShaka before end of April 2015. Changes on months for Search for the Stars and Zulu Dance Championships event will be actioned from 2016.

Events

3 & 4 April 2015- Easter Egg Hunt

YEAR	Saturday sales	Sunday sales
2012	1190	0
2013	1615	1111
2014	1196	923
2015	1084	791

One of the factors attributable to the drop in ticket sales is due to a Kids Festival on the 21st March, which was a week before the Easter Egg Hunt. This event was targeting the same audience as that of the Easter egg hunt. The Durban market is known to behave in this manner.

	:uShaka											
Plan Ov	wner: Musa Mb	hele										
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baselin e 2014/2015	Unit Of Measure	Annual Target 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicato r	Reason For Variance	Measures Taken to Improve Performanc
22.1	To supply an appropriate quality of water to maintain a world-class oceanarium, subject to port operations and sand pumping schedules	98	100	%	Coliform counts below 51 CFU/100ml	Coliform counts below 51 CFU/100ml	50	50		©		Target Achieved.
22.2	To ensure functional life support system components through scheduled maintance		New KPI- No baseline	%	At least 80% of scheduled maintenance undertaken as per the maintenance schedule	At least 80% of scheduled maintenanc e undertaken as per the maintenanc e schedule	80	100		©	The reason why the % completed jobcards is 100% (compared to target of 80%) for the fourth quarter is due to the following: A decision	We will continue to aim for 100% preventative maintenance

Plan 22	:uShaka											
Plan O	wner: Musa M	bhele										
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baselin e 2014/2015	Unit Of Measure	Annual Target 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicato r	Reason For Variance	Measures Taken to Improve Performance
											was taken at the City Audit Committee that preventative maintenan ce target should be 100% to protect the City's assets. The SAAMBR Technical team have made a great effort over the last three quarters to catch up the backlog of job cards and to revise the	

Plan 22	:uShaka											
Plan Owner: Musa Mbhele												
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baselin e 2014/2015	Unit Of Measure	Annual Target 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicato r	Reason For Variance	Measures Taken to Improve Performance
											system to extract each whole month's job cards at the start of each month to ensure staff have notice of jobs that will come due during the month.	

Plan 22	:uShaka											
Plan Owner: Musa Mbhele												
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baselin e 2014/2015	Unit Of Measure	Annual Target 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicato r	Reason For Variance	Measures Taken to Improve Performance
22.3	To maintain functional water intake and reticulation system, providing an appropriate volume of water to maintain a world class oceanarium, subject to port operations and sand pumping schedules		New KPI- No baseline	%	Monitor well points system to extract minimum of 4.4 million litres/day on 96% of days	Monitor well points system to extract minimum of 4.4 million litres/day on 96% of days	96	97			Target achieved.	Target Achieved.

Plan 22	:uShaka											
Plan Ov	vner: Musa Mk	hele										
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baselin e 2014/2015	Unit Of Measure	Annual Target 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicato r	Reason For Variance	Measures Taken to Improve Performance
22.4	Increase procuremen t from disadvantag ed businesses (level 1 to 5)	80	Achieved 93% for the period ending June 2014	%	To procure 85% of all goods & services from historically disadvantage d businesses (level 1 to 5)	To procure 85% of all goods & services from historically disadvanta ged businesses (level 1 to 5)	85	89		©	Manageme nt has placed focus on procuring from BEE suppliers whom have a contributio n level not lesser than level 5	Management has placed focus on procuring from BEE suppliers whom have a contribution level not lesser than level 5
22.5	Manage actual occupancy of lettable space against available	95	Achieved 99.60% occupancy	%	To achieve 95% of occupancy of lettable space in the Village Walk	To achieve 95% of occupancy of lettable space in the Village Walk	95	99		©	Achieved 99% of occupancy of lettable space in the Village Walk. Attracted more tenants.	

Plan 22	:uShaka											
Plan O	wner: Musa Mi	hele										
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baselin e 2014/2015	Unit Of Measure	Annual Target 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicato r	Reason For Variance	Measures Taken to Improve Performance
22.6	To survey 300 guests per month to achieve 88% of "overall park experience" satisfaction from the surveyed guests	85	Achieved overall 95% park experience satisfaction from the surveyed guests	%	To survey 300 guests per month to achieve 88% of "overall park experience" satisfaction from the surveyed guests	To survey 300 guests per month to achieve 88% of "overall park experience " satisfaction from the surveyed guests	88	95			Surveyed 1525 guests for the third quarter.Th ese survey results as well as guest complimen ts and complaints are monitored on a monthly basis to ensure high standard are maintained	Surveyed 152 guests for the third quarter. Thes survey result as well as guest compliments and complaints a monitored or a monthly basis to ensure high standard are maintained.

Plan 22	:uShaka											
Plan O	wner: Musa M	Ibhele										
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baselin e 2014/2015	Unit Of Measure	Annual Target 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicato r	Reason For Variance	Measures Taken to Improve Performance
22.7	To not exceed 10 lost time injuries		New KPI- No baseline	Number	To not exceed 10 lost time injuries	To not exceed 10 lost time injuries	10	11	Not Achieved- 10%Varia nce	8	The loss time injuries for the year have amounted to 11 which is 1 injury over the target	The Loss time injury process will be enhanced by screening process by the Ethekwini occupational health unit utilising trained occupational health staff, this will ensure that we have a firmer hold or the management of these injuries.

Plan Ov	vner: Musa Mb	hele										
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baselin e 2014/2015	Unit Of Measure	Annual Target 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicato r	Reason For Variance	Measures Taken to Improve Performance
22.8	To achieve a Clean audit opinion for prior financial year	1	Achieved = 1	Yes/No	To achieve a clean audit opinion for prior financial year	To achieve a clean audit opinion for financial year	Yes	Yes		☺	Clean audit achieved for 2013/14 financial year.	Clean audit achieved for 2013/14 financial year.
22.9	Compilation of effective Employmen t Equity plans and reports[Top managemen t level]		New KPI- No baseline	%	To achieve 71% of the designated group at Top Management level	To achieve 71% of the designated group at Top Manageme nt level	71	86		©	Since December 2013 there has been a turnover at this level of non-PDI. These roles were then filled by PDI's hence the overachiev ement.	Since December 2013 there has been a turnover at this level of non-PDI. These roles were then filled by PDI's hence the overachievem ent.

Plan 22	:uShaka											
Plan Ov	vner: Musa Mi	hele										
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baselin e 2014/2015	Unit Of Measure	Annual Target 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicato r	Reason For Variance	Measures Taken to Improve Performance
22.10	Compilation of effective Employmen t Equity plans and reports[Seni or managemen t level]		New KPI- No baseline	%	To achieve 76% of the designated group at Senior Management level	To achieve 76% of the designated group at Senior Manageme nt level	76	64	Not Achieved 15.79%Va riance	⊗	HR will attempt to resolve this through recruitmen t and implementi ng results of job grading exercise. HSE Manager appointme nt effective 1 4 2015 has made progress towards this and the implement ation of the job grading results will assist in achieving	The implementatio n of the job grading results will assist in achieving this target.

Plan 22	:uShaka											
Plan Ov	vner: Musa Mk	hele										
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baselin e 2014/2015	Unit Of Measure	Annual Target 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicato r	Reason For Variance	Measures Taken to Improve Performance
											this target.	
22.11	Compilation of effective Employmen t Equity plans and reports[Mid dle managemen t level]		New KPI- No baseline	%	To achieve 87% of the designated group at Middle Management level	To achieve 87% of the designated group at Middle Manageme nt level	87	95		©	There has been a high turnover at this level, and the roles have been filled by a high number of PDI	There has been a high turnover at this level, and the roles have been filled by a high number of PDI candidates.

Plan 22	:uShaka											
Plan Ov	vner: Musa Mb	hele										
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baselin e 2014/2015	Unit Of Measure	Annual Target 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicato r	Reason For Variance	Measures Taken to Improve Performance
22.12	Retention of key DMTP technical personnel	80	69% of retention achieved	%	To achieve 80% retention of key critical posts identified	To achieve 80% retention of key critical posts identified	80	89		©	Mangemen t is attempting to retain critical skills, hence there has not been much turnover.	Mangement is attempting to retain critical skills, hence there has not been much turnover.
22.13	Retention of key SAAMBR technical personnel	80	100% retention	%	To achieve 80% retention of key critical posts identified	To achieve 80% retention of key critical posts identified	80	100		©	HOD has created a stable team with clear career paths and associated long term training plan.	HOD has created a stable team with clear career paths and associated long term training plan.

Plan 22	:uShaka											
Plan Ov	vner: Musa Mb	hele										
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baselin e 2014/2015	Unit Of Measure	Annual Target 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicato r	Reason For Variance	Measures Taken to Improve Performance
22.14	Achievemen t of adjusted budgeted admissions	100	Achieved 87% of adjusted budgeted admissions	%	Achievement of adjusted budgeted admissions	Achieveme nt of adjusted budgeted admissions	100	92	Not Achieved 8%Varian ce	⊗	State of the economy a big contributor to low numbers and low revenue. People are reported to having a diminishing disposable income year on year.	A new marketing and media strategy that is very much aggressive, outward looking and very targeted has been introduced to the market.
22.15	Achievemen t of adjusted budgeted revenues - Ticketing		New KPI- No baseline	%	Achievement of adjusted budgeted revenues	Achieveme nt of adjusted budgeted revenues	100	94	Not Achieved 6%Varian ce	8	State of the economy a big contributor to low numbers and low revenue. People are reported to	A new marketing and media strategy that is very much aggressive, outward looking and very targeted has been

Plan 22	:uShaka											
Plan Ov	vner: Musa Mb	ohele										
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baselin e 2014/2015	Unit Of Measure	Annual Target 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicato r	Reason For Variance	Measures Taken to Improve Performance
											having a diminishing disposable income year on year.	introduced to the market.
22.16	To hold 2 anchor events for the year		New KPI- No baseline	Number	To hold two anchor events	To hold two anchor events	2	2		☺	Target achieved.	Easter Egg Hunt and Splash with the stars
22.17	Achievemen t of adjusted budget revenue for Food and Beverage income	100	Achieved 100% of adjusted budget YTD	%	To achieve 100% of adjusted budgeted revenues for Food & Beverage Income	To achieve 100% of adjusted budgeted revenues for Food & Beverage Income	100	83	Not Achieved- 17%Varia nce	8	Overall performanc e of the food and beverage departmen t is dependent on footfall, some pockets of the	A new financial sustainability plan has been drafted and the implementatio n phase is underway

Plan 22	:uShaka											
Plan Ov	vner: Musa M	bhele										
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baselin e 2014/2015	Unit Of Measure	Annual Target 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicato r	Reason For Variance	Measures Taken to Improve Performance
											departmen t performed above average and some failed to hit the target	

Plan 22	:uShaka											
Plan Ov	vner: Musa Mk	hele										
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baselin e 2014/2015	Unit Of Measure	Annual Target 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicato r	Reason For Variance	Measures Taken to Improve Performance
22.18	Achievemen t of adjusted budget revenue for Merchandisi ng income	100	Achieved 98% of adjusted budget YTD	%	To achieve 100% of adjusted budgeted revenues for Merchandisin g Income	To achieve 100% of adjusted budgeted revenues for Merchandis ing Income	100	88	Not Achieved 12%Varia nce	⊗	The stagnant economy, unemploy ment rates and the consequent lowering of disposable income, combined with more-than-inflation increases in electricity, water and rates have all contributed to lesser spend on nice-to-have expenditur e. In the context of	Workshop conducted in January 2015 identied merchandising as a new strategy for retail.

Plan 22	:uShaka											
Plan Ov	vner: Musa M	bhele										
ndex	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baselin e 2014/2015	Unit Of Measure	Annual Target 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicato r	Reason For Variance	Measures Taken to Improve Performance
											a day's visit to uShaka Marine World, spending in uShaka Trading Stores is a nonessential when weighed up against the necessity or desire to spend on an entrance ticket into the park and food. Further, the Merchandis e stores find	

Plan 22	:uShaka											
Plan Ov	vner: Musa M	bhele										
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baselin e 2014/2015	Unit Of Measure	Annual Target 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicato r	Reason For Variance	Measures Taken to Improve Performance
											competing against the free market pricing of the other Village Walk tenants, whilst being forced to purchase product through the MFMA which is very restrictive, resulting in higher Cost of Sale entrance point with all its inherent restrictions	

Plan 22	:uShaka											
Plan Ov	vner: Musa Mb	hele										
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baselin e 2014/2015	Unit Of Measure	Annual Target 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicato r	Reason For Variance	Measures Taken to Improve Performance
22.19	Achievemen t of adjusted budget revenue for Rental income	100	Achieved 111% of adjusted budget.	%	To achieve 100% of adjusted budgeted revenues for Rental Income	To achieve 100% of adjusted budgeted revenues for Rental Income	100	103		©	Effective tenant manageme nt strategy.	Effective tenant management strategy.
22.20	To achieve 41% of Food and Beverage cost		New KPI- No baseline	%	To achieve 41% of food and beverage cost	To achieve 41% of food and beverage cost	41	40.44		☺		
22.21	To achieve 47% of merchandisi ng cost	48	Achieved 45% of merchandisi ng cost	%	To achieve 47% of merchandisin g cost	To achieve 47% of merchandis ing cost	47	45.8		©	Target achieved.	Strong controls on costs and prices calculated to be inline with costs.
22.22	To Ensure that schools footfall as per adjusted budget is achieved	110 196	112 827 learners	Number	112827	As per financial budget	112827	150330		©	The reason why the overachiev ement of footfall compared to target	We will continue to aim for the best footfall possible given the constraints of the daily

Plan 22	:uShaka											
Plan O	wner: Musa M	Ibhele										
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baselin e 2014/2015	Unit Of Measure	Annual Target 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicato r	Reason For Variance	Measures Taken to Improve Performance
											for uShaka Sea World is due to the following: No public service strike in 2014/15 financial year (that affected teachers No major transport strike in 2014/15 financial year (that affected transport of schools to uShaka Sea	limits that the aquarium is able to house without havir a serious impact on ful paying guests
											year (that affected transport of schools to uShaka	

Plan 22	:uShaka											
Plan O	wner: Musa M	bhele										
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baselin e 2014/2015	Unit Of Measure	Annual Target 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicato r	Reason For Variance	Measures Taken to Improve Performance
											from March to June 2015 possibly due to an advertising email sent to schools in January on the email data base requested from the KwaZulu- Natal Departmen t of Education. This has attracted new schools. It is only in the last two years	

Plan 22	:uShaka											
Plan Ov	vner: Musa Mk	ohele										
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baselin e 2014/2015	Unit Of Measure	Annual Target 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicato r	Reason For Variance	Measures Taken to Improve Performance
											substantial increase in schools have access to email in KwaZulu-Natal.	
22.23	To manage F&B debtors & sponsorship debtors days against targeted debtors days	100	75% of functions debtors within 30 days	%	To ensure that all function & sponsorship debtors are collected within 30 days	To ensure that all function & sponsorshi p debtors are collected within 30 days	100	100		©	All function and sponsorshi p debtors were collected on time.	All function and sponsorship debtors were collected on time.
22.24	To provide large aquarium exhibits, which are optimally stocked with attractive and	5	All 6 large exhibits stocked and opened to the public 100% of the time	Number	Ensure that, at any one time in the year, 5 large exhibits are open	Ensure that, at any one time in the year, 5 large exhibits are open	5	7		©	No exhibits were closed, No major maintananc e, work done outside opening hours.	No exhibits were closed, No major maintanance, work done outside opening hours.

Plan 22	:uShaka											
Plan Ov	vner: Musa Ml	bhele										
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baselin e 2014/2015	Unit Of Measure	Annual Target 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicato r	Reason For Variance	Measures Taken to Improve Performance
	educational stimulating organisms											
22.25	To provide small aquarium exhibits, which are optimally stocked with attractive and educationall y stimulating	35	45 small exhibits optimally stocked and open to public 100% of the time	Number	Ensure that, at any one time in the year, 35 small exhibits are open	Ensure that, at any one time in the year, 35 small exhibits are open	35	43		©	No major maintenan ce needed.	No major maintenance needed.

Plan 22	:uShaka											
Plan Ov	vner: Musa Mi	hele										
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baselin e 2014/2015	Unit Of Measure	Annual Target 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicato r	Reason For Variance	Measures Taken to Improve Performance
22.26	To provide at least one new aquarium exhibit each year, optimally stocked with attractive and educationall y stimulating organisms	1	1 new exhibit opened - glass shrimp	Number	To develop at least one new exhibit each year	To develop at least one new exhibit each year	1	1			New Seahorse Exhibit area opened October 2014	New Seahorse Exhibit area opened October 2014
22.27	To deliver conservation orientated, entertaining and educational dolphin shows to guests	184	242	Number	To do 760 dolphin presentations a year except when pool down for maintenance	To do 760 dolphin presentatio ns a year except when pool down for maintenanc e	760	803		©	Overachiev ed due to more than 2 shows on certain days to accomodat e public and school football.	Overachieved due to more than 2 shows on certain days to accomodate public and school football.

Plan 22	:uShaka											
Plan Owner: Musa Mbhele Index KPI Name 2013/2014 Actual as at Unit Of Annual 5 Year Quarter 4 Quarter 4 Achieved Indicato Reason For												
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baselin e 2014/2015	Unit Of Measure	Annual Target 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicato r	Reason For Variance	Measures Taken to Improve Performance
22.28	To offer penguin feed presentatio ns to guest	183	126	Number	To do 760 penguin presentations a year except when pool down for maintenance	To do 760 penguin presentatio ns a year except when pool down for maintenanc e	760	1095		©	Overachiev ed due to sharing of responsibili ty between mammals and bird team and education team enabling more presentatio ns.	Overachieved due to sharing of responsibility between mammals and bird team and education team enabling more presentations.
22.29	To present entertaining and educational seal shows to guests	183	212	Number	To do 760 seal presentations a year except when pool down for maintenance	To do 760 seal presentatio ns a year except when pool down for maintenanc e	760	772		©	Overachiev ed due to more than 2 shows on certain days to accomodat e public footfall.	Overachieved due to more than 2 shows on certain days to accomodate public footfall.

Plan 22	:uShaka											
Plan Ov	vner: Musa Mk	hele										
Index	KPI Name	2013/2014 Annual Target	Actual as at 30 June 2014/Baselin e 2014/2015	Unit Of Measure	Annual Target 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicato r	Reason For Variance	Measures Taken to Improve Performance
22.30	To manage rental debtors days against targeted debtors days		New KPI - No Baseline.	%	To ensure that all retail debtors are collected within 30 days(except those that have followed the legal route)	To ensure that all retail debtors are collected within 30 days (except those that have followed the legal route)	100	100			All rental debtors were collected within 30days with the exception of one debtor who has signed an AOD for turnover rental.	Ensure that all rental debtors are collected within 30 days
22.31	To maintain recognition as a centre of excellence in marine conservatio n, education and live animal displays		New KPI - No Baseline.	%	100% compliance to PAAZA accreditation requirement	100% compliance to PAAZA accreditati on requiremen ts	100	100		©	Target achieved	Target achieved



Durban Marine Theme Park SOC Limited (RF)
Audited Annual Financial Statements
for the year ended 30 June 2015

Index

The reports and statements set out below comprise the Audited annual financial statements presented to the stakeholders:

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Durban Marine Theme Park SOC Limited (RF) (Registration number 2001/020025/07)

Audited Annual Financial Statements for the year ended 30 June 2015

General information

- 1. Legal form of entity State owned company Limited (Ring fenced)
- 2. Accounting Officer C N Khumalo
- 3. Chief Financial Officer J H Dlamuka
- 4. Registered Office 1 King Shaka Avenue Durban 4001
- 5. Postal Address P.O. Box 38416 Point 4069
- 6. Bankers Standard Bank Rand Merchant Bank Investec Bank Limited
- 7. Lawyers De Jager Clemens & Associates Macgregor Eramus Attorneys Pearce, Du Toit & Moodle Spoor & Fisher, Patent, Trademark and Copy Rights Attorneys
- 8. Auditors The Auditor - General of South Africa
- 9. Company Secretary
 The secretary of the entity Durban Marine Theme Park SOC Limited (RF) is G Maphumulo, whose details are:

Postal address PO Box 38416 Point 4069

(Registration number 2001/020025/07)

Audited Annual Financial Statements for the year ended 30 June 2015

Accounting officer's Approval

The audited annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

I am responsible for the preparation of these annual financial statements, set out on pages 4 to 53, in terms of Company's Act 2008 as amended, Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Durban Marine Theme Park SOC Limited (RF) on 23 October 2015:

Accounting-officer C N Khumalo

(Registration number 2001/020025/07) Audited Annual Financial Statements for the year ended 30 June 2015

Directors' Report

The directors submit their report for the year ended 30 June 2015.

Statement of Directors' Responsibilities

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditors are responsible to report on the fair presentation of the financial statements. The financial statements have been prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement.

The directors are also responsible for the company's systems of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, precedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future. (refer to note 16)

Nature of business 2.

The company is defined as a Municipal Entity as it is controlled by the eThekwini Municipality. As part of an urban regeneration project for the Point Precinct in Durban, the company has developed a large marine theme park situated on the beachfront in the Point Precinct.

The company complies with the Company's Act, 2008 as amended, Municipal Financial Management Act, 2003 and all other applicable legislation.

This marine theme park which trades as uShaka Marine World is the sole operation of the company and commenced operations on 30 April 2004, uShaka Marine World comprises four main components, being:

- an Oceanarium, known as Sea World;
- a Waterpark, known as Wet 'n Wild;
- a Retail Shopping Mall known as Village Walk; a kids playground, known as uShaka Kids World.

Material agreement

The company has also entered into a long term agreement with the South African Association for Marine Biological Research, in terms of which the South African Association for Marine Biological Research is responsible for the operations of Sea World. Until 30 June 2007 the company relmbursed the South African Association for Marine Biological Research for all costs incurred by it in the performance of those obligations, including the costs of staff employed for that purpose. Effective 1 July 2007 the funding arrangements between the company and the South African Association for Marine Biological Research changed and notwithstanding contractual obligations the company does not fund the South African Association for Marine Biological Research expenses for the time being. The funding is currently being received from Ethekwini Municipality.

On 01 July 2013, Durban Marine Theme Park via an agreement with eThekwini Municipality, took over the payroll function of the Moses Mabhida Stadium for a two year period ending June 2015. This division of Durban Marine Theme Park employs 134 staff members who worked for the previous management company of the stadium (refer to note 29).

Going concern

The audited annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of flabilities, contingent obligations and commitments will occur in the ordinary course of business.

We draw attention to the fact that at the end of the reporting period, DMTP had an accumulated defict of R493 518 466 and DMTP current liabilities exceed current assets. This is attributable to the DBSA loan of R90 000 000 which is due in November 2015. The shareholder has however undertaken to settle this liability on behalf of DMTP as per the resolution of the council dated 24 June 2015.

(Registration number 2001/020025/07)
Audited Annual Financial Statements for the year ended 30 June 2015

Directors' Report

δ. Financial results of the company

The financial statements on page 4-53 set out fully the financial position and results of operations and cash flows of the company for the period ended 30 June 2015. Page 54-56 do not form part of the financial statements but are included as additional information

No dividends have been declared during the period.

6. Share capital

The authorised share capital of the company is 10,000 shares of R1,00 each.

At 30 June 2015 the company had issued 9,385 shares for a total value of R872,994,927.

7. Directors'

The directors of the entity during the year and to the date of this report are as follows:

Name

R Turner

I E Konyn

G Buthelezi

B B Berry

I Vally

P Mzizi

J H de Villers Botha

Details

Appointed 3 December 2001

and as the Chairman on

29 November 2013

Appointed 5 May 2011 Appointed 17 July 2013

Appointed 4 July 2013

Appointed 20 June 2013

Appointed 1 July 2013

Appointed 27 June 2013

8. Accounting officer

C N Khumalo was appointed accounting officer on 2 June 2014

9. Company Secretary

The secretary of the entity Durban Marine Theme Park SOC Limited (RF) is G Maphumulo, whose details are:

Business address

1 King Shaka Avenue

Durban

4001

Postal address

PO Box 38416

Point 4069

10. Non Voting Municipal representatives

N Shabalala (Deputy Mayor)

S Sithole (Municipal Manager)

Directors' Report

11. Directors' interest in contracts

B.B Berry represents the Development Bank of Southern Africa (DBSA) on the board. At 30 June 2015 the following balances relate to DBSA:

Debentures and interest of R 84 081 039 R 5918 961 Convertible Debenture

R 90 000 000 (Refer to note 14). Total

(Registration number 2001/020025/07)
Audited Annual Financial Statements for the year ended 30 June 2015

Directors' Report

12. Corporate governance

Attendance of meetings

The directors have met on 5 (DMTP has four subcommittees and the board) separate occasions during the financial year. The directors are required to meet at least 4 times per annum.

Name	Social & Ethics Committee	Remuneration Committee	Finance, Risk & IT Committee	Board	Directors' Affairs
Total number of meetings held	2	4	4	4	3
J H De Villiers Botha	1	4	4	4	3
R Turner	Α	Α	- A	4	Α
I E Konyn	2	4	Α	4	3
l Vally	Α	Α	4	. 4	1
P Mzizi	Α ΄	Α	1	4	3
G Buthelezi	2	4	Α	4	3
B B Berry	Α	Α	Α	4	Α

A - indicates that attendance is not applicable as the director is not a member of the committee

13. Controlling entity

The entity's controlling entity is eThekwini Municipality which owns 9384 of the 9385 issued shares (99.99%)

14. Directors' approval

J H De Villiere Botha (Chairman)

03 December 2015
Date

Statement of Financial Position as at 30 June 2015

Figures in Rand	Note	2015	2014 Restated*
Assets	·		
Current Assets			
Inventories	2	4 928 351	4 675 321
Receivables from exchange transactions	3	2 274 552	2 857 551
VAT receivable	4	-	744 639
Cash and cash equivalents	5	42 335 837	37 812 214
		49 538 740	46 089 725
Non-Current Assets	_	05.071.444	07705001
Investment property	- 6	65 074 144	67 765 234
Property, plant and equipment	7	376 096 225 479 281	397 976 193 703 058
Intangible assets	8 9	5 559 510	5 734 203
Deferred Rental		447 209 160	472 178 688
Total Assets		496 747 900	518 268 413
Liabilities			
Current Liabilities			
Payables from exchange transactions	10	20 854 557	19 066 945
VAT payable	4	186 374	
Provisions	11	2 778 150	2 192 876
Tenant rental deposits	12	2 078 788	2 019 755
Current portion long term liabilities	13	896 478	825 074
Debentures	14	84 081 039 110 875 386	24 104 650
		110 070 300	24 104 000
Non-Current Liabilities	40	477.000	4 070 500
Long term liabilities	13 14	477 092	1 373 569
Debentures	. 14	477 092	113 747 878
		111 352 478	139 226 097
Total Liabilities		385 395 422	379 042 316
Net Assets			
Share capital	15	872 994 927	872 994 927
Convertible Instruments reserve :DBSA Debenture	14	5 918 961	5 918 961
Accumulated Deficit		(493 518 466)	(499 871 572)
Total Net Assets		385 395 422	379 042 316

Statement of Financial Performance

Figures in Rand	Note	2015	2014 Restated*
Revenue		170 962 644	173 921 509
Cost of sales	34	(24 487 535)	(25 614 335)
Gross surplus		146 475 109	148 307 174
Other income	33	38 885 609	7 455 551
Operating expenses		(181 711 767)	(177 222 507)
Operating (deficit) /Surplus		3 648 951	(21 459 782)
Investment revenue	. 18	2 856 448	2 548 597
Finance costs	21	(152 289)	(9 611 623)
Taxation	24	_	-
(Deficit)/Surplus for the year		6 353 110	(28 522 808)

Included in operating expenses is depreciation and amortisation of R35 411 429: (2014) R33 648 237.

Statement of Changes in Net Assets

Figures in Rand	Share capital/Contrib uted capital	Share premium	Total share capital	Convertible instruments reserve	Accumulated Deficit	Total net assets
Balance at 01 July 2013	9 385	872 985 542	872 994 927	5 918 961	(474 203 044)	404 710 844
Deficit for the year	-	-	. -	-	(28 522 808)	(28 522 808)
Total changes	-	-	-	-	(28 522 808)	(28 522 808)
Opening balance as previously reported (30 June 2014)	9 385	872 985 542	872 994 927	5 918 961	(502 725 852)	376 188 036
Adjustments Prior Year Adjustment Accounts payables		-			2 854 280	2 854 280
Balance at 01 July 2014 re- stated	9 385	872 985 542	872 994 927	5 918 961	(499 871 572)	379 042 316
Surplus for the year	-	-	-	•	6 353 110	6 353 110
Total changes		-	-	-	6 353 110	6 353 110
Balance at 30 June 2015	9 385	872 985 542	872 994 927	5 918 961	(493 518 466)	385 395 422
Note	15	15	15	14		

Cash Flow Statement

Figures in Rand	Note	2015	2014
Cash flows from operating activities			
Receipts	•	100 775 501	400 004 400
Cash receipts from customers		180 775 504	180 384 492
Payments			
Cash paid to suppliers and employees		(167 096 058)	(170 842 475)
Net cash flows from operating activities	27	13 679 446	9 542 017
Cash flows from investing activities			
Purchase of property, plant and equipment assets	7	(10 974 433)	(15 305 179)
Purchase of other intengible assets	8 18	(119 508)	0 5 10 507
Interest income	10	2 856 448	2 548 597
Net cash flows from investing activities		(8 237 493)	(12 756 582)
Cash flows from financing activities			
Loan repaid		(825 074)	(758 969)
Increase in tenant deposits		59 033	608 463
Finance costs		(152 289)	(219 596)
Net cash flows from financing activities		(918 330)	(370 102)
Net increase in cash and cash equivalents	•	4 523 623	(3 584 667)
Cash and cash equivalents at the beginning of the year		37 812 214	41 396 881
Cash and cash equivalents at the end of the year	5	42 335 837	37 812 214

Durban Marine Theme Park SOC Limited (RF) (Registration number 2001/020025/07)

Annual Financial Statements for the year ended 30 June 2015

Appropriation Statement

Statement of comparison of budget information with actual information

	Approved Budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Remarks: AFS Note 37 (page 52)
Receipts						
Rendering of Services	199 650 260	(5 176 000)	194 474 260	209 848 254	(15 373 993)	Note A
Investments revenue	1 469 740	450 000	1 919 740	2 856 448	(936 708)	Note B
Grant revenue	0.00	0.00	0.00	0.00	00.0	
Total receipts	201 120 000	(4 726 000)	196 394 000	212 704 701	(16 310 701)	
Payments						
Employees costs	82 478 330	(3 840 878)	78 637 452	68 781 125	9 856 327	Note C
Operating expenses	64 676 191	2 664 486	67 340 677	64 848 622	2 492 054	Note D
Finance charges	8 992 025	1 735 520	10 727 546	152 289	10 575 257	Note E
Materials and bulk purchases	25 948 534	(2 446 213)	23 502 322	24 487 535	(985 213)	
Other expenditure	54 168 919	(4 386 915)	49 782 005	48 082 020	1 699 985	Note D
Total payments	236 264 000	(6 274 000)	229 990 000	206 351 591	23 638 409	
Net receipts/(payments)	(35 144 000)	1 548 000	(33 596 000)	6 353 110	(39 949 110)	

Appropriation Statement

Statement of comparison of budget information with actual information

Capex Expenditure & funds Sources	Original Budget	Budget Adjustments (i.t.o S28 of the MFMA)	Final Adjustments Budget	Actual Outcome	Variance	Unauthorised Expenditure	Actual Outcome as % of Adjustments Budget	Remarks: AFS Note 37 (page 56)	Actual Outcome as % of Original Budget
Capital Expenditure Capital Expenditure funded from own resources	11 950 927		11 950 927	11 307 826	(643 101)		%56		. %38
TOTAL	11 950 927		11 950 927	11 307 826	(643 101)				
								AFS (Page 53)	
Cash flows									
Net cash from (used) operating	11 659 000		11 659 000	13 679 446	. 2 020 446		117%	Note A	117%
Not many from the properties	(11 951		(44 064 000)	(9.297.409)	T43 60T		À	Note B	%69
Net cash from (used) financing	(853 000)		(853 000)	(918 330)	(95 330)		108%	Note C	108%
Cash/ cash equivalents at the beginning of year	35 522 000		35 522 000	37 812 214	2 290 214		106%	Note D	106%
Cash/ cash equivalents at the year end	36 667 000		36 667 000	42 335 837	5 668 837				
•									

(Registration number 2001/020025/07)

Audited Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

Presentation of Audited Annual Financial Statements

The audited annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003) . These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as a basis of measurement, unless specified otherwise. They are presented in South African Rand,

Entities are required to apply the Standards of GRAP where the Minister has determined the effective date. The Minister has determined the effective date for the following standards of GRAP:

GRAP 1 Presentation of Financial Statements

GRAP 2 Cash Flow Statements

GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors

GRAP 4 The Effect of Changes in Foreign Exchange Rates

GRAP 5 Borrowing Cost

GRAP 6 Consolidated and Separate Financial Statements

GRAP 7 investment in Associates

GRAP 8 Interests in Joint Ventures

GRAP 9 Revenue from Exchange Transactions

GRAP 10 Financial Reporting in Hyperinflationary Economies

GRAP 11 Construction Contracts

GRAP 12 Inventories

GRAP 13 Leases

GRAP 14 Events After the Reporting Date

GRAP 16 Investment Property

GRAP 17 Property Plant and Equipment

GRAP 19 Provisions, Contingent Liabilities and Contingent Assets

GRAP 21 Impairment of Non-cash-generating Assets

GRAP 23 Revenue from Non-exchange Transactions

GRAP 24 Presentation of Budget Information in the Financial Statement

GRAP 25 Employee Benefits

GRAP 26 Impairment of Cash-Generating Assets

GRAP 100 Non-Current Assets Held for Sale and Discontinued Operations

GRAP 101 Agriculture

GRAP 102 Intangible Assets

GRAP 103 Heritage Assets

(Registration number 2001/020025/07)

Audited Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

GRAP 104 Financial Instruments

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

Directives issued and effective:

Directive 1 Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP

Directive 2 Transitional Provisions for the Adoption of Standards of GRAP by Public Entities, Municipal Entities and Constitutional Institutions

Directive 5 Determining the GRAP reporting framework.

Directive 7 The Application of Deemed Cost on the Adoption of Standards of GRAP

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GRAP 104 Financial Instruments

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Directive 5 Determining the GRAP reporting framework.

Directive 7 The Application of Deemed Cost on the Adoption of Standards of GRAP

Interpretations of the Standards of GRAP

IGRAP 1 Applying the Probability Test on Initial Recognition of Exchange Revenue

IGRAP 2 Changes in Existing Decommissioning, Restoration and Similar Liabilities

IGRAP 3 Determining whether an Arrangement contains a Lease

IGRAP 4 Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

IGRAP 5 Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies

IGRAP 6 Loyalty Programmes

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Audited Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

IGRAP 7 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IGRAP 8 Agreements for the Construction of Assets from Exchange Transactions

IGRAP 9 Distributions of Non-cash Assets to Owners

IGRAP 10 Assets Received from Customers

IGRAP 13 Operating Leases - Incentives

IGRAP 14 Evaluating the Substance of Transactions involving the Legal Form of a Lease

IGRAP 15 Revenue - Barter Transactions Involving Advertising Services

Effective IFRS's and IFRIC's that are applied considering the provisions in paragraphs .20 to .26 of the Directive:

IFRS 4 (AC 141) Insurance Contracts

IAS 12 (AC 102) Income Taxes

SIC - 25 (AC 425) income Taxes - Changes in the Tax Status of an Entity or its Shareholders

SIC 29 (AC 429) Service Concession Arrangements - Disclosures

FRIC 12 (AC 445) Service Concession Arrangements

Standards of GRAP that an entity may use to disclose information in its financial statements:

GRAP 20 Related Party Disclosures.

A summary of the significant accounting policies are disclosed below.

These accounting policies are consistent with the previous period, unless otherwise stated

Standards, amendments to standards and interpretations issued but not yet effective

GRAP 18: Segment Reporting - Issued March 2005:

Compliance with this standard would have had an effect on the presentation only. Financial information would have been reported by segments. The disclosure of this information will assist users of the financial statements to better understand the entity's past performance, and to identify the resources allocated to support the major activities of the entity.

GRAP 20: Related Party Disclosures - Issued June 2011:

Compliance with this standard would have had an effect on the presentation only. Related party transactions have been disclosed in accordance with IPSAS 20.

GRAP 32: Service Concession Arrangements: Grantor - Issued August 2013:

Compliance with this standard will not have an impact on the current financial information, as no transactions relating to service concession arrangements exists in the current year.

GRAP 105: Transfer of functions between entitles under common control - issued November 2010:

Compliance with this standard will not have an impact on the current financial information, as no transactions relating to the transfer of functions between entities under common control exists in the current year.

GRAP 106; Transfer of functions between entitles not under common control - Issued November 2010:

Compliance with this standard will not have an impact on the current financial information, as no transactions relating to the transfer of functions between entities not under common control exists in the current year.

(Registration number 2001/020025/07)

Audited Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

GRAP 107: Mergers - issued November 2010:

Compliance with this standard will not have an impact on the current financial information, as no transactions relating to mergers exist in the current year.

GRAP 108: Statutory Receivables - issued September 2013:

Compliance with this standard would have had an effect on presentation and disclosure only. GRAP 108 requires eparate disclosure of statutory receivables, together with additional disclosure on measurement basis and impairment criteria.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the audited annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the audited annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the audited annual financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The entity assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the entity is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including supply demand, together with economic factors such as exchange rates and inflation interest.

Provisions

Provisions were raised and management determined an estimate based on the Information available, Additional disclosure of these estimates of provisions are included in note 11 - Provisions.

(Registration number 2001/020025/07)

Audited Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Effective interest rate

The entity used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and the cost or fair value of the investment property can be measured reliably.

investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Investment property in the uShaka Village Walk Shopping Mall and comprises: - Building and Structures, Furniture, fittings and equipment. Investment property is valued at cost less accumulated depreciation. Cost includes all costs that are directly attributable to bringing the assets to working condition for their intended use.

Where items of investment property have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

Interest costs on borrowings to finance the construction of investment property are capitalised during the period required to prepare and complete the asset for its intended use. Other borrowing costs are expensed.

All assets within investment property are depreciated on a straight line basis over their estimated useful lives and the rates range between:

Buildings and Building Structures

-10 - 40 years

Furniture and Fittings and Equipment

5 - 40 years

1.3 Presentation of currency

These audited annual financial statements are presented in South African Rand and rounded to the nearest Rand.

1.4 Going concern

These unaudited annual financial statements have been prepared on a going concern basis.

(Registration number 2001/020025/07)
Audited Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

initial recognition

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the Item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major Inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

(Registration number 2001/020025/07)

Audited Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.5 Property, plant and equipment (continued)

Property, plant and equipment comprises: - land and buildings; furniture, fittings and equipment; plant and machinery and vehicles and are included at historical cost. Cost includes all costs that are directly attributable to bringing the assets to working condition for their intended use.

Subsequent recognition

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised during the period required to prepare and complete the asset for its Intended use. Other borrowing costs are expensed.

Repairs and maintenance are expensed as and when incurred.

Motor vehicles are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

All assets, other than land and motor vehicles, are depreciated on a straight line basis over their estimated useful lives and the rates range between:

Item	Average useful life
Buildings and Building Structures	3-45 years
Plant and machinery	3-20 years
Furniture and Fittings and Equipment	2-20 years
Motor vehicles	4-15 years
Biological assets	50-85 years

Useful life and residual value is reviewed annually and the prospective depreciation is adjusted accordingly.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sate proceeds and the carrying amount of the asset and is recognised in income or expenditure.

Property, plant and equipment that meet the recognition criteria are stated in the statement of financial position at amortised cost, being the initial cost price less any amortisation and impairment. The entity assesses at each reporting date whether there is any indication that an asset may be impaired.

Land is not depreciated as it is deemed to have an indefinite life.

Derecognition:

Items of Property, Plant and Equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date.

1,6 Intangible assets

An asset is identified as an intangible asset when it:

is capable of being separated or divided from an entity and sold; transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or

arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the entity or from other rights and obligations.

Initial recognition

An intangible asset is recognised when: -

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

(Registration number 2001/020025/07)

Audited Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.6 Heritage assets (continued)

intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Subsequent recognition

intangible assets that meet the recognition criteria are stated in the statement of financial position at amortised cost, being the initial cost price less any amortisation and impairment.

Amortisation is charged so as to write off the cost of intangible assets over their estimated useful lives, using the straight-line method as follows:

Item

Computer software,

Useful life 2-12 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

The useful lives of intangible assets are reassessed at the end of each financial year.

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date.

1.7 Leased assets

Leases of property, plant and equipment where the company assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payment.

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the year of the lease. When an operating lease is terminated before the lease year has expired, any payment required to be made to the lessor by ways of penalty is recognised as an expense in the year in which termination takes place.

Finance leases - lessor

The entity recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the entity's net investment in the finance lease.

Lease income received

Lease revenue is recognised as revenue on a straight-line basis over the lease term.

Income for leases is disclosed under revenue in statement of financial performance.

(Registration number 2001/020025/07)

Audited Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.8 Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognized on the company's statement of financial position when the company becomes a party to the contractual provision of the instrument.

Financial instruments carried on the statement of financial position include a loan, prepayments and advances, nonexchange transfers receivable, trade and other receivables from exchange transactions, cash and cash equivalents, non-exchange transfers payable, trade and other payables from exchange transactions and VAT payable. Where relevant, the particular recognition methods adopted are disclosed in the individual policy statements associated with

Measurement

Financial instruments are initially measured at fair value plus any transaction costs directly attributable to the acquisition or issue of financial asset / liability. Subsequent to initial recognition, these instruments are measured as set out below.

Financial assets

The company's financial assets are cash and bank balances trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at amortised cost. For the purposes of the cash flow statement, cash and cash equivalent comprise cash on hand, deposits held with banks, and bank overdrafts.

Trade receivables

Trade receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

Financial liabilities

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other payables relate to VAT payable and accruals. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal

operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Derecognition

A financial asset or a portion thereof is derecognised when the company realises that the contractual rights to the benefits specified in the contract expire; the company surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in net assets is included in net surplus or deficit for the period.

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Audited Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.8 Financial instruments (continued)

Fair value considerations

The fair values at which financial instruments are carried at the reporting date have been determined using available market values. Where market values are not available, fair values have been calculated by discounting expected future cash flows at prevailing interest rates. The fair values have been estimated using available market information and appropriate valuation methodologies, but are not necessarily indicative of the amounts that could be realised in the normal course of business. The carrying amounts of financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their fair value due to the short-term trading cycle of these items.

Subsequent measurement

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in surplus or deficit as part of other income. Dividends received on available-for-sale equity instruments are recognised in surplus or deficit as part of other income when the entity's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in surplus or deficit, while translation differences on non-monetary items are recognised in equity.

Loans and receivables are measured initially and subsequently at fair value, gains and losses arising from changes in fair value are included in profit or loss for the period.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

Loans to (from) economic entities

These include loans to and from controlling entities, fellow controlled entities, controlled entities, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans from economic entities are classified as financial liabilities measured at amortised cost.

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the entity has the positive intention and ability to hold to maturity are classified as held to maturity.

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Accounting Policies

1.9 Taxation

income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The entity's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date:

Deferred income tax:

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

1.10 Revenue recognition

Revenue comprises rental income, entrance and parking fees, sales of merchandise, food and beverage, sponsorship income, eventing income and interest net of Value Added Tax and discounts.

Rental income is recognised on the straight-line basis over the lease term and accordingly deferred income is raised. Entrance and parking fees and sales of merchandise, food and beverage are recognised immediately upon receipt. Interest, sponsorship and eventing income is recognised as it accrues (taking into account in respect of interest income, the effective yield on the asset) unless collectability is in doubt.

1.11 Provisions and confingencies

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

1.12 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequent recognition

Subsequently inventories are measured at the lower of cost and net realisable value,

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered.

Derecognition

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Inventories are valued at the lower of cost or net realizable value. Provision is made for slow moving goods and obsolete materials are written off. Cost is determined at invoice cost on a weighted average basis.

1.13 Retirement obligations

Staff are obliged to be members of the Provident Fund which is governed by the Pension Funds Act of 1956. Contributions are based on a percentage of the payroll and charged to the income statement in the year to which they relate.

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Accounting Policies

1.14 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.15 Irregular exponditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipal entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure, Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

1.16 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.17 impairment of cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a cash-generaling asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

Recognition and measurement (Individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generaling asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standard of GRAP.

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Audited Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.17 impairment of cash-generating assets (continued)

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generaling asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the entity determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the entity use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

· the future cash inflows used to determine the asset's or cash-generating unit's value in use; and

 the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit, These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that . non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of Impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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Accounting Policies

1.17 Impairment of cash-generating assets (continued)

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

· its recoverable amount (if determinable); and

 the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.18 impairment of non-cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Identification

When the carrying amount of a non-cash-generaling asset exceeds its recoverable service amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

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Accounting Policies

1.18 Impairment of non-cash-generating assets (continued)

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of a cash-generating asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss,

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generaling asset is treated as a revaluation decrease.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

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Accounting Policies

1.19 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are classified as equity.

1.20 Prior period error

The entity discloses the nature of the prior period error for each prior period presented, to the extent practicable, the amount of the correction for each financial statement line item affected. The amount of the correction at the beginning of the earliest prior period presented. If retrospective restatement is impracticable, an explanation and description of how the error has been corrected.

Financial statements of subsequent periods need not repeat these disclosures.

1.21 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service. Short-term employee benefits include items such as:

wages, salaries and provident fund contributions;

- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care and cellphones allowances) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments

Defined contribution plans

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

1,22 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

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Accounting Policies

1.22 Revenue from exchange transactions (continued)

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;

 the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

the amount of revenue can be measured reliably;

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

the amount of revenue can be measured reliably;

it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;

the stage of completion of the transaction at the reporting date can be measured reliably; and

the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.23 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

1.24 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred

1.25 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current

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Accounting Policies

1.26 Change in Accounting policies, estimate and errors

Change in estimate

As a result of the uncertainties inherent in delivering services, conducting trading or other activities, many items in financial statements cannot be measured with precision but can only be estimated. Estimation involves judgements based on the latest available, reliable information. For example, estimates may be required of:

(a) tax revenue due to government;

(b) bad debts arising from uncollected taxes;

(c) inventory obsolescence;

(d) the fair value of financial assets and financial liabilities;

(e) the useful lives of, or expected pattern of consumption of economic benefits or service potential embodied in, depreciable assets or the percentage completion of road construction; and

(f) warranty obligations.

Errors

financial performance or cash flows. Potential current period errors discovered in that period are corrected before the annual financial statements are authorised for issue. However, material errors are sometimes not discovered until a subsequent period, and these prior period errors are corrected in the comparative information presented in the financial statements for that subsequent period

1.27 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

1.28 Accumulated deficit

The company has generated net losses over the life of the business, it has negative retained earnings, which it reports as an accumulated deficit in the equity section .

1.29 VAT

VAT is payable on the accrual basis. VAT inputs receivables and VAT outputs payables are shown in the balance sheet. All VAT returns have been submitted by the due date throughout the year.

1.30 Events after reporting period

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

(a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting

(b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date)..

1,31 Capital commitments

A capital commitment is a binding agreement to undertake capital expenditure at some set time in the future which has not yet become an actual liability.

1,32 Budget Information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The audited annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the audited annual financial statements.

The adjusted budget was approved on July 2015 by the board of directors was used for comparison.

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Audited Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.33 Legislation

The company complies with the Municipal Financial Management Act, 2003 and all other applicable legislation.

1,34 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

Fig	ures in Rand	2015	2014
2.	Inventories		
۲,	Merchandise	2 597 001	2 448 278
	Food and Beverage	1 382 921	1 348 047
	Consumable stores	1 004 827	1 098 996
		4 984 749	4 895 321
	Provision for slow moving merchandising inventory	(56 398)	(220 000)
		4 928 351	4 675 321
	Inventory pledged as security		
	Inventory was not pledged as security.	·	
3.	Receivables from exchange transactions		
	Trade debtors	735 826	767 318
	Debt impairment provision	(173 348)	(156 427)
	Sundry debtors	32 274	35 386
	Prepayments	1 679 800	2 211 274
		2 274 552	2 857 551
	Reconciliation of provision for :		
	Trade Debtors	627 864	251 990
	Current (0 - 30 days)	27 715	421 325
	31 - 60 days 61 - 90 days	27 589	60 007
	Greater than 90 days	52 658	33 996
		735 826	767 318
	Reconciliation of debt impairment provision		
	Opening balance	(156 427)	(259 126)
	Decrease/(Increase) in provision	(16 921)	102 699
		(173 348)	(156 427)
	Sundry debtors Current (0 - 30 days)	32 274	35 386
	Prepayments: will be released into the income statement over the following		
	periods	209 974	273 857
	Current (0 - 30 days)	209 974 209 974	273 857
	31 - 60 days	209 974	273 857
	61 - 90 days Greater than 90 days (Includes WCA provision)	1 049 878	1 389 703
	with the state of	1 679 800	2 211 274

Èigι	res in Rand			2015	2014
4.	VAT				•
	VAT receivables				744 639
	VAT payables			186 374	
ნ.	Cash and cash equivalents		-		
	Cash and cash equivalents consist of:				
	Bank balances Cash on hand include operational floats			41 016 934 1 318 903	37 271 152 541 062
				42 335 837	37 812 214
	The entity had the following bank accounts				
	Account number / description		ent balances		k balances
			30 June 2014		30 June 2014
	Standard bank salary clearing account - 050215280	10 298		10 298	1 716 802
	Investec Smartrate Notice 90/0 - 50006958840	-	4 745 640		4 745 640 21 224 253
	Investec Smartrate Notice 60/20 - 50005636079	40.050.000	21 224 253	25 093 073	4 569 977
	Investec Bank - Fixed Deposit - 50003530849	10 858 390 4 600 000		4 600 000	4 009 977
	RMB Bank Account - Call account - 100027-X021905914	25 093 073		, 4 000 000 -	3 843 675
	Investec Bank - Fixed deposit - 500035301489 Standard Bank Kingsmead Retail Bank Account A/C	44 919		44 919	121 635
	050139452 Standard Bank Kingsmead School Account A/C 050139495	848	6 667	848	6 667
-	Standard Bank Kingsmead Main Deposit Account A/C 050139509	409 406	1 042 503	409 406	1 042 503
	Total	41 016 934	37 271 152	41 016 934	37 271 152

Durban Marine Theme Park SOC Limited (RF) (Registration number 2001/020025/07)

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Notes to the Audited Annual Financial Statements

gures in Rand			····		2015	2014
. Investment property		•				
		2015			2014	
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	e Cost	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	90 710 044	(25 635 900)	65 074 144	90 710 04	14 (22 944 810	67 765 234
Reconciliation of investm	tent property - 2	015				
			٠	Opening balance	Depreciation	Total
Investment property				67 765 234	(2 691 090)	65 074 144
Reconciliation of investm	nent property - 2	014				,
•			Opening	Disposals	Depreciation	Total
Investment property			balance 70 470 988	(5 650)	(2 700 104)	67 765 234

Pledged as security

None of assets were pledged as security:

A register containing the Information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the entity.

Directors valuation

Investment Property comprises the Village Walk retail shopping mall from which rental income is derived. The original cost of this property including land was R69,000,000. The directors fair value thereof is R136,000,000 based on a valuation method of net rental return, capitalised at a fair market rate of return of 12%.

Notes to the Audited Annual Financial Statements

Figures in Rand

Property, plant and equipment ۲.

		2015			2044	
	Cost	ğ ç 5	Carrying value	Cost	교교	Carrying value
Land and buildings Plant and machinery Fumiture and fixtures Motor vehicles Capital work in progress Biological assets	501 573 851 108 701 564 41 653 860 1 937 438 165 150 217 274	(179 138 903) (73 359 807) (24 853 708) (793 941) (6 553)	322 434 948 35 341 757 16 800 152 1 143 497 165 150 210 721	501 526 793 105 524 690 40 032 068 1 776 084 469 227 35 600	(161 781 806) (66 068 625) (22 886 074) (650 256) (1 508)	339 744 987 39 456 065 17 145 994 1 125 828 469 227 34 092
Total	654 249 137	(278 152 912)	376 096 225	649.364.462	(251 388 269)	397 976 193
Reconciliation of property, plant and equipment - 2015						•
		Opening balance	Additions	Disposals	Depreciation	Total
Land and buildings		339.744 987	47 058	r	(17 357 097)	322 434 948
Plant and machinery		39 456 065	4 948 713	(184 197)	(8 878 825)	35 341 756
Furniture and fixtures		17 145 994	5 939 711	(293 151)	(5 992 401)	16 800 153
Motor vehicles		1 125 828	161 354		(143 685)	1 143 497
Capital work in progress		469 227	(304 077)	1		165 150
Biological assets		34 092	181 674	ı	(5 045)	210 721
		397 976 193	10 974 433	(477 348)	(32 377 053)	376 096 225

99

(R 304 077) R10 974 433

Propert Plant and Equipment additions R11 278 510 Work in progress movements (R 304 077 Total

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Notes to the Audited Annual Financial Statements

Figures in Rand

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Depreciation	Total
and and buildings	354 238 329	2 627 802	(12 098)	(17 109 046)	
Plant and machinery	36 921 006	10 522 086	(378 700)	(7 608 327)	39 456 065
nd fixtures	20 721 283	2 2 1 0 6 3 7	(62 421)	(5723505)	17 145
Aotor vehicles	1 174 794	65 000	· 1	(113 966)	1 125
Capital work in progress	589 572	(120345)	•		469 227
ilological assets	34 594	•	į	(502)	34 092
	413 679 578	15 305 180	(453 219)	(30 555 346)	397 976 193

Pledged as security

None of assets were pledged as security:

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the entity.

ίgι	ires în Rand				.,,	2015	2014
,	Intangible assets					•	
			2015		•	2014	
		Cost	Accumulated amortisation and impairment	Carrying value	Cost	Accumulated amortisation and impairment	Carrying value
	Computer software	2 055 760	(1 576 479)	479 281	1 936 25	2 (1 233 194)	703 058
	Reconciliation of Intangib	le assets - 201	5				
				Opening	Additions	Amortisation	Total
	Computer software			balance 703 058	119 508	(343 285)	479 281
	Reconciliation of intangib	le assets - 201	4		•		
						Amortisation	Total
	Computer software				balance 1 095 846	(392 788)	703 058
	Deferred Rental						
	Deferred rental					5 559 510	5 734 203
	Opening balance Movements					5 734 203 (174 693)	4 899 384 834 819
						5 559 510	5 734 203
	Deferred rental: retail outlet	s Village Walk	rented out to ter	nants.			
١,	Payables from exchange t	ransactions					
	Trade payables Olher payables Revenue generator incentiv	res				18 265 062 2 589 495 -	16 602 271 2 358 065 106 609
	~					20 854 557	19 066 945
	2014 other payables Prior year Adjustment (note Restated amount	R5 21 (R2 8) R2 35	54 <u>276</u>				

	, , , , , , , , , , , , , , , , , , ,			
	Provisions			
	Reconciliation of provisions			
		Opening	Movements	Total
		balance	during the year	
	Leave pay	2 192 876	585 274	2 778 150
	•			-
	Leave movements		2015	2014
	Opening balance Movement during the year		2 192 876 585 274	2 237 80 (44 93
	moronistic deling the year		2 778 150	2 192 87
	The leave pay provision is based on total cost to the company for e provision will be reversed when leave is taken or when an employee is a the timing and amount is uncertain.			
2.	Tenant rental deposits			
	Tenant rental deposits		2 078 788	2 019 755
	Deposits for the tenants of Village walk retail outlets			
3.	Long term liabilities			
	DBSA Village Walk - Held at amortised costs		0.400.040	A A
	Balance at the beginning of the year Interest during the year		2 198 643 152 288	2 957 611 219 596
	Payments during the year		(977 361) 1 373 570	(978 564) 2 198 643
	Balance at the end of the year		19/99/0	2 196 643
	Less: Current portion Disclosure of Long Term Portion		(896 478) 477 092	(825 074) 1 373 569
	Disclosure of Long Term Politon		477 002	1 07 0 000
	The DBSA Village Walk is an unsecured ioan which bears interest at 8.5 30 September 2016	% with the final p	eayment on the	
4.	Debentures			
	Debentures		84 081 039	113 747 878
		•		
	Current Habilities			•
	At amortised cost		84 081 039	449 747 070
			84 081 039	113 747 879
	Debenture - compound Instrument Finencial Llability		84 081 039	113 747 878

119 666 839

90 000 000

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Audited Annual Financial Statements for the year ended 30 June 2015

Notes to the Audited Annual Financial Statements

Figures in Rand 2015 2014

14. Debentures (continued)

The unsecured convertible debenture bears interest at a non-compounding rate of 13% per annum. The accrued interest is payable at the end of the twelfth year of the issued debenture. The debenture is convertible at the option of the holder into ordinary shares of the company at anytime during 12 years from date of issue. Should the holder not exercise the option to convert, the debenture is redeemable at the option of either the issuer or the bearer after 12 years from date of issue. Development Bank of South Africa have agreed to a final settlement of R90 000 000 over two instalments payable in November 2015 and March 2016. eThekwini Municipality has undertaken to settle the amount on behalf of Durban Marine Theme Park as per council resolution dated 24 June 2015 in exchange for equity to be issued by Durban Marine Theme Park.

Debenture Reconciliation

Original Capital Interest Accummulated as at 30 June 2015 Total R50 000 000 R40 000 000 R90 000 000

The debenture is treated as a financial instrument in terms of GRAP 104, which has resulted in the fair value adjustments write down to R90 000 000 as per statements agreed from DBSA.

15. Share capital

Issued 9,385 Ordinary Shares of R 1 each (9,385) Share premium

9 385 9 385 872 985 542 872 985 542 872 994 927 872 994 927

The authorised share capital of the company is 10,000 shares of R1,00 each.

Share issued at par value 409 Shares issued at R1

Share Premium is made up as follows:

- 206 Shares issued at premium of R97,086
- 1,600 Shares issued at premium of R98,083
- 1,731 Shares issued at premium of R97,088
- 5,109 Shares issued at premium of R97,083
- 206 Shares issued at premium of R97,086
- 124 Shares issued at premium of R96,773

16. Going concern

In lieu of the funding to Durban Marine Theme Park, Development Bank of South Africa have agreed to the final settlement of R90 000 000 over two instalments payable in November 2015 and March 2016. eThekwini Municipality has undertaken to settle the amount on behalf of Durban Marine Theme Park as per the council resolution dated 24 June 2015. We further draw attention to the fact that at the end of the reporting period, DMTP had an accumulated defict of R493 518 466 and DMTP current liabilities exceed current assets. The council confirms it comittment to ensuring future financial viability of the International Conventional Centre and Durban Marine Theme Park and more specifically to meet any funding shortfall that may compromise the ability of the entities to continue trading as a going concern. This is in terms of the council resolution dated 24 June 2015.

17. Prior period error

The prior period's accruals raised were not reversed in the respective financial year end period's, as a result the statement of financial position and statement of financial performance were overstated.

The correction of the error(s) results in adjustments as follows:

Figur	es in Rand	2015	2014
17.	Prior period error (continued)		,
		2 015	2 014
	Financial Position :Trade and other payables Statement of Net Assets : Accumulated Suprlus		2 854 276 (2 854 276)
	Statement of Net Assets : Accompliance supride	_	-
18.	investment revenue		
	Interest revenue Bank Interest charged on trade and other receivables	2 763 973 92 475	2 452 907 95 690
	· ·	2 856 448	2 548 597

Figures in Rand	2015	2014
9. Employee related costs		
Salaries, wages, travel allowance and bonuses	52 969 486	51 204 805
Contributions to UIF, Provident fund and Medical Ald	9 108 450	8 697 916
Workmens Compensation	2 873 971	3 028 182
	585 274	(44 931
Leave pay	3 243 944	
Overtime payments Revenue incentive scheme	-	79 009
TOTOTAL INCOMES CONTROL OF THE PROPERTY OF THE	68 781 125	66 377 456
Durban Marine Theme Park		
Number of persons employed at year end: Full time	492	504
Fixed-term contracts	69	21
	561	525
Directors Fees		
Directors fees paid - J H de Villiers Botha (Chairman)	154 013	225 310
Directors fees paid - G J Whiteford	-	99 790
Directors fees paid - R Turner	38 770	· 55 110
Directors fees paid - J Russell	•	71 220
Directors fees paid - S Pillay	-	32 000
Directors fees paid - I Vally	78 760	77 613
Directors fees paid - P Mzizi	57 610	58 860
Directors fees paid - M Buthelezi	80 600	111 030
Directors fees paid - I Konyn	75 360	123 900
	485 113	854 833
Remuneration of chief executive officer - S Thompson		
Annual Remuneration		731 441
Cellphone Allowance		8 400
Performance Bonuses	-	101 531
Contributions to UIF, Medical and Pension Funds	-	135 334
Continue to the property of the second	<u> </u>	976 706
Renumeration of Chief Executive Officer - CN Khumalo		
Annual Remuneration	1 403 499	116 95
Celiphone Allowance	14 400	1 20
Annual Bonus	72 319	
Contributions to UIF, Medical and Pension Funds	258 336	21 40
	1 748 554	139 56

S Thompson was the Chief Executive Officer for the period 1 March 2013 to 30 January 2014 CN Khumalo was appointed as the Chief Executive Officer from 2 June 2014

-	s in Rand	2015	2014
E	imployee related costs (continued)		
F	Remuneration of chief finance officer - P.V.D Berg		
,	Annual Remuneration	302 754	882 25
	Cellphone Allowance	4 800	14 400
	Acting allowance	•	100 95
	Performance Bonuses	-	77 93
F	Annual Bonus	68 631 85 662	77 93
L	eave pay	59 256	178 06
(Contributions to UIF, Medical and Pension Funds	521 103	1 331 53
	the LD Steeding		
F	Remuneration of chief finance officer - J. H. Dlamuka	•	
ļ	Annual Remuneration	573 665	
(Cellphone Allowance	7 200 104 411	
(Contributions to UIF, Medical and Pension Funds	685 277	
		000 277	
F	P.V.D. Berg was Chief Financial Officer until 31 October 2014 and J. H. Diamuka was a	ppointed on 5 Janua	ary 2015
F	Remuneration of the chief operating officer - P.N Pillay		
	Annual Remuneration	937 122	872 46
		14 400	14 40
(:elionone AlloWance	14 400	
j	Cellphone Allowance Acting allowance	14 400	96 13
f	Acting allowance Performance Bonuses	-	96 13 77 00
F	Acting allowance Performance Bonuses Annual Bonus	- 82 779	96 13 77 00 75 88
F	Acting allowance Performance Bonuses	82 ['] 779 152 632	96 13 77 00 75 88 152 62
F	Acting allowance Performance Bonuses Annual Bonus	- 82 779	96 13 77 00 75 88 152 62
<i>j</i>	Acting allowance Performance Bonuses Annual Bonus	82 ['] 779 152 632	96 13 77 00 75 88 152 62
<i>i</i>	Acting allowance Performance Bonuses Annual Bonus Contributions to UIF, Medical and Pension Funds Remuneration of marketing executive - G Adams	82 ['] 779 152 632	96 13 77 00 75 88 152 62 1 288 50
) (((Acting allowance Performance Bonuses Annual Bonus Contributions to UIF, Medical and Pension Funds Remuneration of marketing executive - G Adams Annual Remuneration	82 ['] 779 152 632	96 13 77 00 75 88 152 62 1 288 50 370 00 6 00
; ; ; ;	Acting allowance Performance Bonuses Annual Bonus Contributions to UIF, Medical and Pension Funds Remuneration of marketing executive - G Adams Annual Remuneration Celiphone Allowance Petrol allowance	82 ['] 779 152 632	96 13 77 00 75 88 152 62 1 288 50 370 00 6 00 8 33
; ; ; ;	Acting allowance Performance Bonuses Annual Bonus Contributions to UIF, Medical and Pension Funds Remuneration of marketing executive - G Adams Annual Remuneration Cellphone Allowance	82 ['] 779 152 632	96 13 77 00 75 88 152 62 1 288 50 370 00 6 00 8 33 25 00
) 	Acting allowance Performance Bonuses Annual Bonus Contributions to UIF, Medical and Pension Funds Remuneration of marketing executive - G Adams Annual Remuneration Celiphone Allowance Petrol allowance Travell allowance Annual bonus	82 ['] 779 152 632	96 13 77 00 75 88 152 62 1 288 50 370 00 6 00 8 33 25 00 72 00
#	Acting allowance Performance Bonuses Annual Bonus Contributions to UIF, Medical and Pension Funds Remuneration of marketing executive - G Adams Annual Remuneration Celiphone Allowance Petrol allowance Travell allowance Annual bonus Performance bonus	82 ['] 779 152 632	96 13 77 00 75 88 152 62 1 288 50 370 00 6 00 8 33 25 00 72 00 78 58
# # # # # # # # # # # # # # # # # # #	Acting allowance Performance Bonuses Annual Bonus Contributions to UIF, Medical and Pension Funds Remuneration of marketing executive - G Adams Annual Remuneration Cellphone Allowance Petrol allowance Travell allowance Annual bonus Performance bonus Leave Pay	82 ['] 779 152 632	96 13 77 00 75 88 152 62 1 288 50 370 00 6 00 8 33 25 00 72 00 78 58 83 48
# # # # # # # # # # # # # # # # # # #	Acting allowance Performance Bonuses Annual Bonus Contributions to UIF, Medical and Pension Funds Remuneration of marketing executive - G Adams Annual Remuneration Celiphone Allowance Petrol allowance Travell allowance Annual bonus Performance bonus	82 ['] 779 152 632	96 13 77 00 75 88 152 62 1 288 50 370 00 6 00 8 33 25 00 72 00 78 55 83 45 81 15
# # # # # # # # # # # # # # # # # # #	Acting allowance Performance Bonuses Annual Bonus Contributions to UIF, Medical and Pension Funds Remuneration of marketing executive - G Adams Annual Remuneration Cellphone Allowance Petrol allowance Travell allowance Annual bonus Performance bonus Leave Pay Contributions to UIF, Medical and Pension Funds	82 779 152 632 1 186 933	96 13 77 00 75 88 152 62 1 288 50 370 00 6 00 8 33 25 00 72 00 78 55 83 45 81 15
# # # # # # # # # # # # # # # # # # #	Acting allowance Performance Bonuses Annual Bonus Contributions to UIF, Medical and Pension Funds Remuneration of marketing executive - G Adams Annual Remuneration Cellphone Allowance Petrol allowance Travell allowance Annual bonus Performance bonus Leave Pay Contributions to UIF, Medical and Pension Funds Renumeration of Marketing Executive - B Mthiyane	82 779 152 632 1 186 933	96 13 77 00 75 88 152 62 1 288 50 370 00 6 00 8 33 25 00 72 00 78 55 83 45 81 15
# # # # # # # # # # # # # # # # # # #	Acting allowance Performance Bonuses Annual Bonus Contributions to UIF, Medical and Pension Funds Remuneration of marketing executive - G Adams Annual Remuneration Cellphone Allowance Petrol allowance Travell allowance Annual bonus Performance bonus Leave Pay Contributions to UIF, Medical and Pension Funds Renumeration of Marketing Executive - B Mthlyane Annual Remuneration	82 779 152 632 1 186 933	96 13 77 00 75 88 152 62 1 288 50 370 00 6 00 8 33 25 00 72 00 78 55 83 45 81 15 724 50
# # # # # # # # # # # # # # # # # # #	Acting allowance Performance Bonuses Annual Bonus Contributions to UIF, Medical and Pension Funds Remuneration of marketing executive - G Adams Annual Remuneration Cellphone Allowance Petrol allowance Travell allowance Annual bonus Performance bonus Leave Pay Contributions to UIF, Medical and Pension Funds Renumeration of Marketing Executive - B Mthiyane Annual Remuneration Acting Allowance	82 779 152 632 1 186 933	96 13 77 00 75 88 152 62 1 288 50 370 00 6 00 8 33 25 00 72 00 78 55 83 45 81 15 724 50 277 46 59 28
## ## ## ## ## ## ## ## ## ## ## ## ##	Acting allowance Performance Bonuses Annual Bonus Contributions to UIF, Medical and Pension Funds Remuneration of marketing executive - G Adams Annual Remuneration Cellphone Allowance Petrol allowance Travell allowance Annual bonus Performance bonus Leave Pay Contributions to UIF, Medical and Pension Funds Renumeration of Marketing Executive - B Mthiyane Annual Remuneration Acting Allowance Cellphone Allowance	82 779 152 632 1 186 933	96 13 77 00 75 88 152 62 1 288 50 370 00 6 00 8 33 25 00 72 00 78 55 83 45 81 15 724 50 277 46 59 28 6 00
#	Acting allowance Performance Bonuses Annual Bonus Contributions to UIF, Medical and Pension Funds Remuneration of marketing executive - G Adams Annual Remuneration Cellphone Allowance Petrol allowance Travell allowance Annual bonus Performance bonus Leave Pay Contributions to UIF, Medical and Pension Funds Renumeration of Marketing Executive - B Mthiyane Annual Remuneration Acting Allowance Cellphone Allowance Petrol Allowance	82 779 152 632 1 186 933	96 13 77 00 75 88 152 62 1 288 50 370 00 6 00 8 33 25 00 72 00 78 55 83 45 81 15 724 50 277 46 59 28 6 00 8 33
	Acting allowance Performance Bonuses Annual Bonus Contributions to UIF, Medical and Pension Funds Remuneration of marketing executive - G Adams Annual Remuneration Cellphone Allowance Petrol allowance Travell allowance Annual bonus Performance bonus Leave Pay Contributions to UIF, Medical and Pension Funds Renumeration of Marketing Executive - B Mthiyane Annual Remuneration Acting Allowance Cellphone Allowance	82 779 152 632 1 186 933 	370 00 6 00 8 33 25 00 72 00 78 55 83 45 81 15 724 50 277 46 59 28 6 00 8 33 51 98

G Adams resigned on 30 November 2013 B Mihiyane was appointed as Marketing Executive on 01 February 2014.

Notes to the Audited Annual Financial Statements

Figures in Rand	2015	2014
19. Employee related costs (continued)		•
Remuneration of retall executive - G.A Jacobson		
Annual Remuneration	700 855	651 956
Celiphone Allowance	14 400	14 400
Performance Bonuses		57 589
Annual Bonus	61 908	57 589
Contributions to UfF, Medical and Pension Funds	134 262	125 397
Continuation to the particular	911 425	906 931
Remuneration of the Food and Beverage Executive - M.A Mokoen	a	
	591 023	518 669
Annual Remuneration	14 400	14 400
Cellphone Allowance	14 400	118 002
Performance Bonuses	49 251	
Annual Bonus	114 297	107 406
Contributions to UIF, Medical and Pension Funds	768 971	758 477
Remuneration of human resources executive - N.L.Z Zulu		
Annual Remuneration	-	35 584
Cellphone Allowance	-	1 200
Annual Bonuses	-	24 032
Leave Pay	**	8 367
Contributions to UIF, Medical and Pension Funds	·	7 798
Conditional to on 1	-	76 981
Renumeration of human resources executive - P Ncobeni		
Renumeration of Human reductives showing a first the Results of th	508 943	433 983
Renumeration Cellphone Allowance	14 400	13 200
	44 956	17 42
Annual Bonus Contribution UIF, Medical and Pension Funds	105 988	86 372
	674 287	550 980

The HR executive position was vacant for 7 months in 2013 financial year.

N.L.Z. Zulu was the Human Resources Executive for the period 4 February 2013 to 19 July 2013.

P Ncobeni was appointed as the Human Resources Executive from 1 August 2013

Figu	ures in Rand	2015	2014
20.	Depreciation and amortisation		
	Property, plant and equipment Investment property Intangible assets	32 377 054 2 691 090 343 285	30 555 345 2 700 104 392 788
		35 411 429	33 648 237
21.	Finance costs		
	Debentures DBSA Village Walk	152 289	9 392 027 219 596
	•	· 152 289	9 611 623
22.	Contracted services		
	Specialist Services Other Contractors	3 127 124 589 559	3 124 070 615 741
		3 716 683	3 739 811
23.	- Specialised sercives relates to software licensing fees, Waste service. Other contractors relates to lease of photocopy manchines and employees.	ces, security and other related costs poyee grading	
	Auditors remuneration	806 534 1 320 765	583 117 1 309 213
	Bank charges Cleaning	1 632 087	1 317 347
	Commission paid	5 217	10 468
	Consulting fees	600 897 2 085 866	1 767 089
	Consumables Directors fees	485 113	854 834
	Durban Point Waterfront Levy	1 083 048	993 800
	Palitant tour transment t	40 700 040	19 107 97

Auditors remuneration . ,	806 534	583 117 Î
Bank charges	1 320 765	1 309 213
Gleaning	1 632 087	1 317 347
Commission paid	5 217	10 468
Consulting fees	600 897	-
Consumables	2 085 866	1 767 089
Directors fees	485 113	854 834
Durban Point Waterfront Levy	1 083 048	993 800
Electricity	18 796 310	18 197 276
Equipment replacement costs	374 893	423 406
Free parking	124 539	124 458
Functions and equipment hire	963 087 .	1 250 096
Insurance	740 746	1 466 511
Lease rental on operating lease	42 401	24 595
Legal fees and licences	760 418	679 584
Marketing and entertainment	14 524 087	14 848 719
Medical expenses	5 387	6 671
Other expenses	820 331	1 175 104
Penalty fees	143 215	•
Printing and stationery	626 485	684 083
Rates land	2 957 500	2 766 250
Rales parking	655 759	1 467 602
Security	4 107 654	3 856 537
Software expenses	27 056	16 122
Staff welfare	2 338 878	1 496 351
Telephone and fax	525 061	493 999
Ticketing costs	480 462	731 051
Training costs	1 207 235	1 068 513
Travel and accommodation .	319 238	394 330
Water	6 288 353	5 142 971
	64 848 622	63 150 097

Figu	res in Rand	2015	2014
24.	Taxation		
	No provision has been made for 2015 tax as an assessed loss of R 297,845,220 (201 set off against future taxable income. No deferred tax asset has been raised since there	4: 332,327,990) is is no expectation o	s available for of realisation.
25.	Auditors' remuneration	•	
	Fees	806 534	583 117
		· · · · · · · · · · · · · · · · · · ·	
26.	Operating lease:		
	Not later than one year Later than one year and not later than five years	19 046 120 35 955 447	21 546 886 56 939 817
	Later than one year and not later than the years	55 001 567	78 486 703
	Lessor		
27,	into on various dates and will be operational for varying periods, the last expiring on 30 calculating the lease commitments, options to renew the leases on expiry have been percentage varies from lease to lease, the average being about 6%. Cash generated from operations	ignored. The ren	tal escalation
	Surplus (deficit)	6 353 110	(28 522 808)
	Adjustments for: Depreciation and amortisation	35 411 429	33 648 237
	Loss on disposal of assets	477 348	458 871
	Fair value adjustments Interest income	(29 666 839) (2 856 448)	(2 548 597)
	Finance costs	152 289	9 611 623
	Debt impairment Bad debt recoveries	104 626	1 242 213 (102 698)
	Movements in provisions	585 273	(44 931)
	Deferred income adjustment	174 693	(834 819)
	Slow moving stock provision	(163 602)	(130 000)
	Changes in working capital: Inventories	(89 428)	515 551
	Receivables from exchange transactions	478 372	(1 899 385)
	Payables from exchange transactions	1 787 610 931 013	(1 525 210) (326 030)
	VAT	13 679 446	9 542 017
		10 070 440	0 0 4 2 0 1 7
28.	Related parties		
	Related party balances		
	Loan accounts - Owing (to) by related parties (1 % shareholding)	3 070 EEO	0.400.040
	- DBSA Village Walk (refer note 13) - DBSA Debenture compound instruments (refer note 14)	1 373 569 90 000 000	2 198 643 119 666 838
	Amounts included in Trade payables regarding related parties		
	eThekwini Municipality	1 576 036 2 957 500	2 253 876 2 766 250
	- Durban Point Development Company (Pty) Ltd - Land Rates Durban Point Development Company (Pty) Ltd - Parking Rates	2 957 500 889 841	6 239 030
	South African Association for Marine Biological Research	28 780	238 176
	Amounts included in Trade receivable regarding related parties	na ne t	08:000
	South African Association for Marine Biological Research	32 274	35 386

Notes to the Audited Annual Financial Statements

Figu	res in Rand	2015	2014
28.	Related parties (continued)		
	Related party transactions eThekwini Municipality (controlling shareholder) (99.9%) shareholding Electricity (refer note 23)	18 796 310	18 197 276
	Water (Refer note 23) Waste Insurance	6 288 353 1 041 769 740 746	5 142 971 936 187 1 420 739
	Development Bank of Southern Africa (Minority Shareholder) (0.1% Shareholding) Interest on loans (Refer note 13) Debentures interest (Refer note 14)	152 289 -	219 596 9 392 027
	Related party transactions		
	Revenue received from related party eThekwini Municipality	1 601 883	6 738 436
	Durban Point Development Company (Pty) Ltd (Owned 50% by eThekwini Municipality's Durban Infrastructure Development Trust) Land Parking	2 957 500 889 841	2 766 250 1 467 602

Moses Mabhida Stadium

DMTP performs the payroll function for Moses Mabhida Stadium as per agreement with Ethekwini Municipality. Moses Mabhida Stadium employees are not part of DMTP headcount.

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Audited Annual Financial Statements for the year ended 30 June 2015

Notes to the Audited Annual Financial Statements

Elauron in Dand	2015	2014
Figures in Rand	4010	247.

29. Events after reporting period

Moses Mabhida Stadium

On 30 June 2015 the contract for Moses Mabhida Stadium expired and there is a six month renewal contract ending 31 December 2015.

South African Association of Marine Biological Research

Effective 01 July 2015 the funding arrangements between Ethekwini Municiplaity and South African Association for Marine Biological Research changed. Ethekwini Municipality does not fund South African Association for Marine Biological Research directly as at 30 June 2015. The funding from Ethekwini Municipality will be received by Durban Marine Theme Park. Durban Marine Theme Park will enter into a long term agreement with South African Association for Marine Biological Research in terms of which South African Association for Marine Biological Research is responsible for the operation of Sea World, Payments will be made to South African Association for Marine Biological Research from Durban Marine Theme Park.

Development Bank of Southern Africa

Development Bank of South Africa has offerred a settlement discount to Durban Marine Theme Park to settle the debenture bearing interest. The council of eThekwini Municipality has passed a resolution to settle the Debenture on behalf of Durban Marine Theme Park for the amount of R90 000 000 in exchange for equity to be issued by Durban Marine Theme Park, The first settlement in November 2015 and final settlement in March 2016.

Change of Bank

The bank that DMTP transacts with has changed from Standard Bank to Nedbank with effect from 01 October 2015

Online Booking System

A new system has been initiated that will incoporate online licket sales and will commence on 07 November 2015

Rope Adventure

A new revenue generating joint venture commenced with effect from August 2015.

30. Risk management

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The following are details of the contractual maturities of financial liabilities

At June 2015 Long term liabilities	Carrying Amount 1 373 569 20 854 557	Contractual Cash Flows 1 373 569 20 854 557	12 months or less 896 478 20 854 557	More than 12 months 477 092
Trade payables	22 228 126	22 228 126	21 751 035	477 092
At June 2014	Carrying Amount	Contractual Cash Flows	12 Months or less	More than 12 months
Long term liabilities Trade payables	2 198 643 19 066 945	2 198 643 19 066 945	825 074 19 066 945	1 373 569
	21 265 588	21 265 688	19 892 019	1 373 569

(Registration number 2001/020025/07)

Audited Annual Financial Statements for the year ended 30 June 2015

Notes to the Audited Annual Financial Statements

Figures in Rand	•		2015	2014

30. Risk management (continued)

Interest rate risk

As the entity has no significant Interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

Credit and interest rate risk

(i) Credit Risk, which is defined as the risk that one party to a financial instrument will fail to honour its obligation, thus causing the other party to incur a financial loss.

(ii) Interest Rate Risk, which is defined as the risk that the fair value or future cash flow associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of credit risk and interest rate risk consist mainly of long term debtors, consumer's debtors, other debtor's cash and cash equivalents.

The company limits its exposures by only dealing with well established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the company's rental policy.

Consumer debtors comprise of a large number of tenants, dispersed across different sectors of retail. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "hand over for collection", whichever procedure is applicable in terms of the company's Doubtful debt policy.

Long term Receivables and Other Debtors are individually evaluated annually at balance sheet date for impairment or discounting.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2015	2014
Trade Debtors	735 826	767 318
Other Debtors (including Prepayments)	1 712 074	2 246 660
Cash and Cash Equivalents	42 335 837	37 812 214

31. Deviation from supply chain management regulations

Contract awards in terms of Section 36 (Deviation from, and ratification of minor breaches of, procurement processes) of the Supply Chain Management Policy amounted to R1,025,111 (2014: R 2,045,961).

Notes to the Audited Annual Financial Statements

Figures in Rand	 	2015	2014
Ligates in Rand		 	

32. Commitment

Commitments in respect of operating expenditure

Outstanding commitment in respect of purchase orders raised amounts to;

Outstanding commitment in respect of purcha	ase (rders raiseo amounts to,	
•		<u> 2015</u>	<u> 2014</u>
The No Nonsense Group	:R	50,000	R396,900
Republic Umbrella	: R	16,009	
Display Equipment	: R	22,176	
Roman Protection	: R	•	
Bytes	: R	2,675	
MTT Structures	:R:	906,226	
ProSound	:R	8,033	R13,500
Roll up Serranda	:R	18,527	
Ecopest	:R	7,500	
Alsifield	:R	998	
First Technology	:R	6,810	
LP Fabrics	‡R	8,500	
Afrotainment	:R	30,000	
SAB	:R	30,285	
CHM Vumani Netal (Pty) Ltd	:R		R 28,440
Medix CC Va Devang Ambulance Services	:R		R86,497
Ecopest (Pty) Ltd	:R		R 8,950
Fidelity Cash Management Services (Pty) Ltd	d: R		R17,370
Giesecke & Devrient SA (Pty) Ltd	:R		R 7,800
Global Payment Technologies (Pty) Ltd	: R		R 8,675
Voice Box Recording Studio (Pty) Ltd	: <u>R</u>		<u>R 25,200</u>
TOTAL	R	1,110,406	R 593,332
. 7			

Outstanding commitment with merchandising suppliers through purchase orders raised during the year and stock held by the suppliers amounts to;

b) the copplicate annual in	2015	<u> 2014</u>
Cleat & Associates (Pty) Ltd	:R 215,396	R 6,790
Glodina Textiles (Pty) Ltd	: R 340,822	R 202,248
Rock Agencies	:R 10,090	R 64,350
Golden Window (Pty) Ltd	; R 993,983	R 603,590
RR Promos CC	:R	R 135,700
Buddy Bear CC	:R	R 131,457
Power Play Corporate Clothing CC	: <u>R</u>	<u>R 24,000</u>
TOTAL	R1,560,291	R 1,168,135

The above amounts are vat exclusive

33. Other income

	38 885 609	7 455 551
Tattoo sales	93 763	62 307
Sundry revenue	131 065	204 786
SDL revenue	24 000	165 841
Revaluation gain on inventory	163 602	130 000
Photographic opportunities	7 029 173	4 793 791
Other equipment hire	153 851 ⁻	149 746
Insurance proceeds	-	462 801
Fair value adjustment - (debenture)	29 666 839	-
Equipment hire	222 000	165 035
Doubtful debts recovery	-	102 698
Discount received	93 526	-
Birthday parties	947 395	859 327
Bambino rentals	360 395	359 219

Durban Marine Theme Park SOC Limited (RF)

(Registration number 2001/020025/07)
Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Fig	jures in Rand	 2015	2014
34.	. Cost of sales		
	Sale of goods Cost of goods sold	24 487 535	25 614 335

35. Contingent liability

As at the year end 30 June 2015 annual financial statements there were no contingent liabilities.

36. Fruitless and wasteful,irregular expenditure

Fruitless and wasteful expenditure

R143 214

This relates to the interest charges levied by Ethekwini Municipality due to late payment of rates account by Durban Point Development Company for parking areas that are leased to DMTP by Durban Point Development Company A recovery process has been initiated. DMTP is enganging Ethekwini Municipality to reverse the interest charges.

Irregular expenditure

R50 750

Neverland Properties and Barcode are separate registered companies controlled by the same owner. An investigation has been initiated to ascertain the basis of the transactions.

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NOTE 37 - 1	NOTE 37 - ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) Significant variances
Note A	This amount include fiar value adjustment on our financial instruments which was done during the year.
Note B	Funds are being invested for longer periods and higher rates being negotiated, the increase in the cash generated from operations
Note C	This was due to vacant posts i.t.o Chief Finance Officer, Finance Manager and few other posts. These positions were filled during the second part of the year.
Note D	Costs were kept at a minimum in line with 2014 actuals as part of cost containment measures implemented during 2014/2015 financial year.
Note E	This include the provision for interest relating to DBSA debenture of R10million

DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED: ACTUAL VERSUS BUDGET CASH FLOW FOR THE YEAR ENDED 30 JUNE 2015

NOTES

As a result of the increase in revenue performance and decrease in expenditure	There were no major change on basic reprise for teamer than the change of the change o	Budgeted opening cash balance was expected to be lower however at 30 June 2015 due to the working cashing use had a the contraction was better the the working cashing use had a the contraction was better the contraction to the contraction was better the contraction to the contraction
Note A	Note C	Note D

Durban Marine Theme Park SOC Limited (RF) (Registration number 2001/020025/07) Audited Annual Financial Statements for the year ended 30 June 2015

Appendix A: Detail Statement of Comprehensive Income

Figures in Rand	Note	2015	2014 Restated*
Revenue			
Revenue from exchange transactions			
Discount received		93 526	-
Doubtful debts recovery		-	102 698
Fair Value adjustment - (debenture)		29 666 839	-
Functions and events revenue		6 765 254	12 668 434
Insurance proceeds	40		462 801
Investment revenue	18	2 856 448	2 548 597
Merchandising Revenue		7 219 731	7 474 440
Other income		1 579 404	1 596 439
Photographic opportunities		7 029 173	4 793 791
Revaluation gain on inventory		163 602	130 000
Sponsorship revenue		3 123 466	2 687 114
Sundry revenue		131 065	204 786
Ticketing revenue		91 375 093	87 585 264
Umbrella hire		222 000	165 035
Village walk rental revenue		27 656 070	27 705 368
		177 881 671	148 124,767
Food and beverage revenue		29 449 092	30 576 305
Parking revenue	•	5 373 938	5 224 584
Total revenue from exchange transactions		34 823 030	35 800 889
Total revenue		212 704 701	183 925 656
Expenditure			
Employee costs	19	(68 781 125)	(66 377 456)
Depreciation and amortisation	20	(35 411 429)	(33 648 237)
Finance costs	21	(152 289)	(9 611 623)
Bad Debts written off		(104 626)	(1 242 213)
Repairs and maintenance		(8 371 932)	(8 605 822)
Contracted services	22	(3 716 683)	(3 739 811)
Cost of Sales	23	(24 487 535)	(25 614 335)
General Expenses	23	(64 848 623)	(63 150 097)
Total expenditure			(211 989 594)
Operating surplus (deficit)		6 830 459	(28 063 938)
Loss on disposal of assets		(477 349)	(458 871)
Surplus (deficit) for the year		6 353 110	(28 522 809)

Appendix B: Analysis of Property, Plant and Equipment

DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED: ACTUAL VERSUS BUDGET CAPITAL EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2015

7 7 23 29 29 25 27 72 29 29 29 29 29 29 29 29 29 29 29 29 29	Seets R <th></th> <th>2015</th> <th>2015 Original</th> <th>2015 Adjustment</th> <th>2015 Adjusted</th> <th>2015</th> <th>2015</th> <th>Explanation of Significant Variances</th> <th></th>		2015	2015 Original	2015 Adjustment	2015 Adjusted	2015	2015	Explanation of Significant Variances	
Seeds R <th>sseets R<th></th><th>Actual</th><th>Budget</th><th></th><th>product</th><th>Variance</th><th>Variance</th><th>greater than 10% versus Budget</th><th></th></th>	sseets R <th></th> <th>Actual</th> <th>Budget</th> <th></th> <th>product</th> <th>Variance</th> <th>Variance</th> <th>greater than 10% versus Budget</th> <th></th>		Actual	Budget		product	Variance	Variance	greater than 10% versus Budget	
sseets 105, Entertainment, Kids Would 381 384 418 577 - 418 577 37 193 9% ing, Entertainment, Kids Would 169 985 21 6521 - 46 536 21% ing, Entertainment, Kids Would 169 985 21 6521 - 216 521 46 536 21% ing, Entertainment, Kids Would 27 690 - 27 690 - 0 0% ing, Safety 3 393 963 3 464 557 - 3 464 567 - 0 0% ind Safety 3 393 963 3 464 557 - 3 464 567 - 0 0% Beverage 3 387 106 419 408 - 419 408 2 26 Activity 277 764 277 764 - 277 764 - 0 0% IR 3 699 762 5 305 012 1 605 250 69% 0 0% IR 9 992 764 11 950 927 1 1950 927 1 1950 927 1 1950 927 1 1950 927 1 1950 927 1 1950 927 1 1950 927 1 1950 927 1 1950 927 1 1950 927	sseets 418 577 4 18 577 37 193 9% ing, Entertainment, Kids World 381 384 418 577 - 418 577 37 193 9% ing, Entertainment, Kids World 169 985 216 521 - 216 521 46 558 21% a 169 985 27 650 - 27 650 0 0% 0 nd Safety 3 896 838 987 829 - 987 829 991 0% nd Safety 3 893 963 3 464 557 - 3 484 557 70 594 2% ndising 166 046 322 672 154 624 48% 8% Beverage 387 106 419 408 - 419 408 32 302 8% Activity 500 245 510 897 - 277 764 - 277 764 - 277 764 - 277 764 - 277 764 - 5305 012 1855 143 16% RR 3 699 762 5 305 012 11950 927 11950 927 11950 927 11950 92		R	8	ĸ	æ	ď	%		
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Activity 369 7629 - 987 829 - 987 829 - 987 829 - 987 829 - 987 829 - 987 829 - 987 829 - 987 92 - 987 92 - 987 92 - - 987 92 -	Addising 386 838 987 829 - 987 829 - 987 829 - 987 829 - 987 829 - 987 829 - 987 829 - 987 829 - 987 829 - 987 829 - 987 829 - 987 829 - 987 829 - - 988 829 -	H.	27 690	27 690	ī	27 690	c	%0		Ţ
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Activity 500 245 510 897 - 510 897 10 652 RR 3 699 762 5305 012 5305 012 1505 250 6 9 992 784 11 950 927 - 11 950 927 1958 143 1	Activity 500 245 510 897 - 510 897 10 652 RR 3 699 762 5305 012 5305 012 1505 250 6 9 9 9 2 7 784 - 577 764 0 1 19 50 9 27 764 0 1 19 50 9 27 764 1 1 19 50 9 27	Food & Beverage	387 106	419 408	1	419 408	32 302	7 %		T
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9 9 9 2 7 8 4 11 9 50 9 2 7 1 9 50 9 2 7 1 9 58 1 4 3	9 9 9 2 7 8 4 11 9 5 0 9 2 7 1 1 9 5 0 9 2 7 1 1 9 5 0 9 2 7 1 9 5 8 1 4 3	SAAMBR	3 699 762	5 305 012	1	5 305 012	1 605 250	%69		T
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		TOTAL	9 992 784	11 950 927	2	11 950 927	1 958 143	16%		1
									The second secon	7

Expenditure was in line with revenue performance.	Cheaper quotations were obtained for Capex items.	
Note A	Note B	

Appendix B: Analysis of Property, Plant and Equipment

DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED: ACTUAL VERSUS BUDGET CAPITAL EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2014

Actual Actual R Park Assets R Park Assets R Park Assets Finance 156 455 HR Finance 156 455 HR Finance 156 455 HR Finance Finance 156 455 HR Finance Finance 156 455 Finance Finance	2014	7700				
# Actual Kassets Keting, Entertainment, Kids World 249 64 ance 156 45	Original	Adjustment	Adjusted Adjusted	2014	2014	Explanation of Significant Variances
K Assets Keting, Entertainment, Kids World 249 64 ance 156 45	Budget		pndget	Variance	Variance	greater than 10% versus Budget
K Assets Keting, Entertainment, Kids World ance	œ	CZ.	Δ.	G	10	
keting, Entertainment, Kids World ance				4	%	
ance	1 222 500	-	1 222 500	Q72 8E2	7600	
	505 000	l t	505 000	348 545	%00°	Note A
	29 000		.59 000	25 000	%60	Note A
	1 750 000		1750 000	7 070 724	0.00	A MACIN
R&M and Safety 1 052 531	1 857 000	,	1 957 000	804.460	61%	A SAM
Merchandising 166 005	1 096 000	t	1 006 000	004 408	43%	Y alon
90	768 000		000 000	929 935	85%	Note A
	163 000	1	768 000	639 315	83%	Note A
1	200	r	2000 SQI	122 264	75%	Note A
SAAMBR 3 332 300	3 300 000	,	3300 000	(32 300)	%0	
				1000 701	(6.70)	
TOTAL 5 905 629	10 720 500		10 720 500	4 814 871	45%	
					2	
Funded from own resources 6 572 880	•	7 200 000	7 200 000	627 120	%6	Note B

	Note
Note A	Note A Shortfall due to cut in the Capex forecast as a result of revenue nerformance No contract.
Note B	Note B Dolphin stadium screen which was funded from existing rach machine as a wallable to expedite Capex.
Note C	Forecast was anticipated at a higher value than anti-old

Auditor-General of South Africa

Durban Marine Theme Park SOC Limited (RF) - Audit report: 2014-15

Report of the Auditor-General to the KwaZulu-Natal Provincial Legislature and Council on Durban Marine Theme Park SOC Limited (RF)

Report on the financial statements

Introduction

1. I have audited the financial statements of the Durban Marine Theme Park SOC Limited (RF) (DMTP) set out on pages x to x, which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement for the year then ended and the statement of comparison of budget information with actual information as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (Companies Act), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

- 3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- 4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Durban Marine Theme Park SOC Limited (RF) as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the MFMA.

Emphasis of matters

I draw attention to the matters below. My opinion is not modified in respect of these matters.

Going concern

8. As disclosed in note 16 to the financial statements, DMTP had an accumulated deficit of R493,54 million as at 30 June 2015 and its current liabilities exceeds current assets. This condition indicates the existence of a material uncertainty that may cast significant doubt on the entity's ability to operate as a going concern. The parent municipality has confirmed its commitment to ensuring the future financial viability of the municipal entity and to meet any funding shortfalls that may compromise its ability to continue trading as a going concern.

Additional matter

9. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Other reports required by the Companies Act

10. As part of our audit of the financial statements for the year ended 30 June 2015, I have read the Directors' Report and the Audit Committee's Report for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports I have not identified material inconsistencies between the reports and the audited financial statements. I have not audited the reports and accordingly do not express an opinion on them.

Report on other legal and regulatory requirements

11. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, non-compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

- 12. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives: technical services on pages x to x, village walk on pages x to x, ticketing footfall and ticketing revenue on pages x to x, events on pages x to x, sales on pages x to x, to achieve budgeted revenues on pages x to x, dolphins / seals / penguins to present exciting and educational presentations on pages x to x, entertainment on pages x to x and human resource management on pages x to x, presented in the annual performance report of the entity for the year ended 30 June 2015.
- 13. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
- 14. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).
- 15. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
- 16. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected objectives.

Additional matter

17. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected objectives, I draw attention to the following matter:

Achievement of planned targets

18. Refer to the annual performance report on pages x to x for information on the achievement of the planned targets for the year.

Compliance with legislation

19. I performed procedures to obtain evidence that the entity had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

<u>internal control</u>

20. I considered internal control relevant to my audit of the financial statements, performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Other reports

Investigations

- 21. The City Integrity unit performed an investigation at the request of the entity, which covered the period from December 2014 to 27 January 2015. The investigation was initiated based on an allegation of irregular appointment, conflict of interest and procurement irregularities. The investigation was concluded on 27 January 2015 and the report was handed over to the accounting officer to facilitate the implementation of disciplinary proceedings and recovery thereof. These proceedings are currently in progress.
- 22. The City Integrity unit performed an investigation at the request of the entity, which covered the period March 2015. The investigation was initiated based on an allegation of unlawful installation of cameras. These proceedings are currently in progress.

Auditor-General

Pietermaritzburg

20 November 2015



Auditing to build public confidence

VOLUME FOUR INKOSI ALBERT LUTHULI ICC (Pty) Ltd. ANNUAL REPORT incl. ANNUAL FINANCIAL STATEMENTS



DRAFT

ANNUAL REPORT 2015

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Photo credits:

Our sincere gratitude is expressed to Durban Tourism and Luca Barausse Photography for the use of selected images in this report.

1. INTRODUCTION

Opened by former president Nelson Mandela in 1997, the Inkosi Albert Luthuli ICC Complex was South Africa's first International Convention Centre and has played a pioneering role in attracting international events to our shores since its inception.

The Complex incorporates the Durban International Convention Centre, the Durban ICC Arena and the Durban Exhibition Centre, making it the largest flat floor, column-free multipurpose event space in Africa.

The 2015 fiscal year was a successful one in many respects for the Durban International Convention Centre. The company achieved a strong set of financial results and continued to deliver significant economic and social benefits to the city of Durban and the KwaZulu-Natal province.

During the period under review, the Durban ICC was privileged to host a number of high-profile events and showcase the city of Durban to thousands of international visitors. These included the Congress of the International Union of Architects, the World Medical Association Congress and the African Economic Expansion Summit.

In addition to these achievements, the Centre also made impressive strides in other important areas of social responsibility and transformation. The company showed a significant improvement in its Broad-Based Black Economic Empowerment status and demonstrated its ongoing commitment to skills development through its Student and Graduate Programmes.

The Durban ICC is more than simply a venue. It is a platform for meetings, a facilitator of dialogue and a place for people to connect, debate and ultimately find common ground. From the moment the guest sets foot into our venue, the Centre strives to deliver its unique brand of world class service and a uniquely warm, African experience.

2. FOREWORD BY THE CITY MANAGER

In many respects the 2015 year has been a successful one, not only for the eThekwini Municipality, but also for its premier conference and events venue, the Inkosi Albert Luthuli ICC Complex.

This year saw the city of Durban being named an Official New 7Wonder City of the World along with other leading cities like Doha, Havana and Kuala Lumpur. The eThekwini Municipality was also awarded the 2015 "Municipality of the Year" at the African Utility Week Industry Awards in recognition of the outstanding achievements made over the past year.

Adding to its accolades, Durban was also voted "Africa's Leading Meetings and Conference Destination" at the World Travel Awards in 2015. I am especially pleased that the Durban ICC continued its winning ways as well, and was once again voted "Africa's Leading Meetings and Conference Centre" at the same time.

As an entity of the eThekwini Municipality, the Durban ICC has a responsibility to deliver on its twin mandates of generating positive socio-economic impact to the citizens of our City whilst simultaneously operating in a responsible and profitable manner.

I am pleased to report that the entity has delivered admirably on both these objectives during the 2015 fiscal year. Despite ever-increasing levels of competition, the company managed to grow both its macro-economic contribution and the profitable returns for its shareholder this past year.

The enormous economic and social benefits which the Centre has generated for the City are perhaps best demonstrated by its contribution of R4.6-billion to the country's Gross Domestic Product and the 10,000 jobs which were created and sustained this year as a result of its activities.

The entity also managed to meet and exceed its fiscal targets and produce another excellent set of financial results. Both the solid revenue figure of R157-million and net profit of R32-million are a clear demonstration of the successful implementation of its strategy and the prudent management of its operations.

The Durban ICC is truly an asset to the city of Durban; one that consistently delivers solid returns on investment, numerous socio-economic impacts and helps to raise the international profile of our destination.

I am confident the Centre will continue to act as a catalyst for the economic well-being of the city and region in the years ahead.

Sibusiso Sithole City Manager of eThekwini Municipality

3. BOARD OF DIRECTORS AND EXECUTIVE TEAM

The Durban ICC board of directors and executive management have both contributed significantly to the company's achievements during the 2015 financial year.

The Durban ICC would like to express its appreciation to Mr John van Rooyen who stepped down from the board during the past fiscal year. The Durban ICC thanks him for his invaluable contribution to the leadership and good governance of the company during his term of service.

Board of Directors

Ms Mato Madlala - Chairperson

Mr Themba Ngcobo

Mr Ashok Sewnarain

Ms Zodwa Msimang

Mr Sifiso Msomi

Mr John van Rooyen (Resigned 10/12/2014)

Executive Management Team

Ms Lindiwe Rakharebe - Chief Executive Officer

Ms Melanie Rambally CA (SA) - Financial Director

Ms Nicolette Elia-Beissel - Operations Director

Ms Mala Dorasamy - Marketing, Sales & Events Director

Mr John Moatshe - Executive Chef

Mr Jerry Hurter MBA, BSc (Eng) - Facilities Director

4. CHAIRPERSON'S REVIEW

When one considers the Durban ICC's contribution in the areas of economic impact, financial performance, transformation, social investment and environmental responsibility, it is clear why it is recognised as "Africa's Leading Convention Centre." The Board is pleased to report that the organisation continued to deliver effectively on all these objectives during the 2015 financial year.

Despite uncertainty in the global economy and increased competition both domestically and internationally, the Durban ICC has once again posted an excellent set of financial results. The Revenue figure of R157-million showed a year-on-year growth of over R5.3-million and the 19% growth in number of events hosted this year are encouraging signs about the health of the business. Notably, this year also marks the fifth consecutive year of profitability for the organization.

The 33% growth in its pre-tax profits from R29-million in 2014 to R39-million this year is indicative of the effective implementation of the company's strategy and the sound management of its operations.

The Durban ICC's ongoing commitment to transformation and economic empowerment was clearly demonstrated by the improvement in its Broad-Based Black Economic Empowerment rating this year. The Centre achieved a 28% improvement in its B-BBEE Procurement Recognition rating, moving from a Level 4 contributor to a Level 2 contributor over the past twelve months.

The Board is equally pleased with the remarkable socio-economic contributions made by the Centre for the period under review. The company achieved notable year-on-year increases in every major economic indicator, having contributed R4.6-billion to the national Gross Domestic Product and adding R4.5-billion to the province's Gross Geographic Product. The number of direct and indirect jobs created totaled 10,874 showing a 40% increase in this indicator from the 2014 year.

These achievements are all the more impressive when one considers that the organisation underwent a change in Chief Executive Officer at the beginning of this year. The Board would like to thank Nicolette Elia-Beissel for the role she played as Acting Chief Executive Officer throughout the appointment process. We appreciate the contribution she made in ensuring that the business continued to operate successfully during this interim period. We wish the new CEO, Lindiwe Rakharebe, every success as she leads this world-class organisation to new heights in the years ahead.

Finally, I would like to express my appreciation to my fellow board members and our shareholders for their oversight in ensuring strong leadership and transparent governance throughout the past year. We will continue to do everything in our power to live up to the expectations of our shareholder and stakeholders for the 2016 financial year.

Mato Madlala Chairperson

5. REPORT OF THE ETHEKWINI MUNICPALITY AUDIT COMMITTEE

The Audit Committee is a committee constituted in terms of sections 166(2) and 166 (6) (b) of the Municipal Finance Management Act, 56 of 2003 and Section 94 (7) of the Companies Act

The Audit Committee is an independent advisory body which **must** advise the board of directors, the Accounting Officer and the management staff of the municipal entity. It advises in matters relating to:-

- Internal financial control;
- Internal Audit:
- Risk Management processes;
- · Financial Reporting;
- Performance Management;
- · Governance; and
- Any other issues referred by the Municipality or its Entity.

Terms of Reference

The Audit Committee has adopted formal terms of reference, herein after referred to as the Audit Committee Charter. The Charter is presented at a formal meeting, deliberated upon and recommended for final approval by Council. The Audit Committee has executed its duties in accordance with these terms of reference. The eThekwini Municipality Audit Committee is also the Audit Committee for the eThekwini Municipal entities.

Composition and Meetings

The Audit Committee meeting of 29 May 2015 coincided with the end of term for the former Committee members. Two members from the former Audit Committee, Mr. Nzuza and Mr. Christianson continued as ex-officio members of the new Committee until the statutory audit process for the year ending 30 June 2015 is finalized.

The new Audit Committee members were appointed with effect from 30 May 2015 and attended their first meeting in the new financial year.

The Secretarial function for the Committee was performed by the Municipality Secretariat services.

A separate Risk Committee is in operation and the Chairperson of this committee attends the Audit Committee meetings, similarly one member of the Audit Committee, serves on the Risk Committee.

The Accounting officer, Chief Financial Officer of the ICC and the Deputy City Manager (DCM): Economic Development attend Committee meetings by invitation. The External and Internal Auditors, City Integrity and Investigations and Enterprise Risk Management Units have unrestricted access to the Audit Committee. The effectiveness of the Audit Committee as a whole and its individual members is assessed on an annual basis.

The Committee consists of the following members:-

Members	Qualifications	Appointed	Resigned/Term	Entities (I	CC) Audit
			Expired	Comr	nittee
				Scheduled	Attended#
Mr Sipho Nzuza*	B.Com, H Dip (Tax) MBA	27/01/2009	29/05/2015		4
Mr Peter	B.Com, CA	27/01/2009	29/05/2015		4
Christianson*	(SA)				
Mr Rohit Desai	B.Com, MBA, CA (SA)	27/01/2009	29/05/2015	4	2
Mrs Londiwe Mthembu**	B.Com Hons B.Compt	30/05/2015	Current Chairperson		2
Ms Bongekile	B.Proc	30/05/2015	Current Member		2
Zulu**	Degree	30/03/2013			
Mr Daniel Bosch**	B. Compt	30/05/2015	Current Member		2
Mr Nala	CA(SA),	30/05/2015	Current Member		2
Mhlongo**	CGMA,				
	ACMA,				
	B.Com				
	(Hons)				
Mr Themba	B.Com	30/05/2015	Current Member		2
Radebe**	Degree				

^{*}attended as ex office members after 29 May 2015
**2 meetings were scheduled post their appointment
Attendance assumes full attendance for upcoming October 2015 meeting.

Statutory Duties

In execution of its statutory duties during the past financial year, the Audit Committee:

- Believes the appointment of the Auditor General of South Africa (AGSA), complies with the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA), and Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA);
- Reviewed the fee to be paid to the AGSA, as disclosed in the Annual Financial Statements;
- Seconded a member of the Audit Committee to attend the Entity's Board and Finance Committee Meetings;
- Considered management's reports, submitted to each successive meeting of the Audit Committee;
- Reviewed the quality, adequacy, accuracy and reliability of financial information;
- Reviewed the Annual Report and Financial Statements;
- Responded to any issues raised by Internal Audit and Auditor General during the year;
- · Reviewed factors impacting on the financial sustainability of the Entity; and
- Made submissions to the Executive Committee (EXCO) and Municipal Public Accounts Committee (MPAC) on a quarterly basis of any matters which in the opinion of the Audit Committee needed to be brought to the attention of Council.

Oversight of Risk and Governance

The Audit Committee has:

- Received assurance from The Risk Committee, Internal Audit, City Integrity and Investigations, Enterprise Risk Management, Performance Management, City Treasury and the AGSA and satisfied itself that the following areas have been appropriately been addressed,
 - Internal financial controls;
 - Compliance requirements;
 - Financial reporting risks;
 - Fraud Risks as it related to financial reporting;
 - o IT Governance risks; and
 - Legal matters.

Internal Financial Controls

During its meetings, the Audit Committee has:

- Reviewed the adequacy and effectiveness of the internal control systems;
- Reviewed the entity's approach to its exposure to the business and financial risks and whether processes are in place to safeguard the assets of the organization;
- Reviewed policies and procedures adopted for the prevention and detection of fraud;
- Reviewed significant cases of misconduct or fraud or any other unethical activity by officials within the Entity;

- Reviewed residual risks arising from ERM risk registers and controls implemented to mitigate risk;
- Reviewed significant legal exposures, and pending cases; and
- Reviewed whether the financial reporting system can be relied upon in the preparation and presentation of financial statements.

Based on the processes and assurances obtained, the Committee believes that the internal financial controls are effective.

The Durban ICC Board of Directors review performance on a quarterly basis.

Statutory Compliance

The Audit Committee has:

Reviewed the effectiveness of the system for monitoring compliance with laws and regulations. Whilst the Committee is satisfied with the policies and processes implemented at the Entity, it has recommended the establishment of a formal Compliance function within the Durban ICC which management is in the process of implementing.

Performance Information and Evaluation

The Audit Committee has reviewed performance information reported by the Entity on a quarterly basis throughout the year. The committee is satisfied with the information reported by the Entity.

Internal Audit

The Audit Committee has:

- Reviewed and approved the Internal Audit Charter;
- Evaluated the independence, effectiveness and performance of the Internal Audit Unit in respect of the fulfilment of its mandate;
- Reviewed and approved the Internal Audit Plan for the year;
- Satisfied itself that the Internal Audit function has the necessary resources, budget and authority within Council to enable it to discharge its duties; and
- Encouraged co-operation between External and Internal audit functions.

The Chief Audit Executive was invited to be present at all Audit Committee deliberations. He presented a summary of the salient findings of all internal audits carried out by his unit for the period. The responses from the Management of the Entity to the internal audit findings were reviewed and where necessary corrective action was recommended and implementation monitored.

External Audit (AGSA)

The Audit Committee has:

- Reviewed the External Audit scope to ensure the critical areas within the Entity are being addressed;
- Reviewed the External Auditor's report including issues arising out of the external audit per the management report.

Based on processes followed and assurances received from the AGSA, nothing has come to the attention of the committee with regard to any matter concerning the independence of the External Auditors.

Finance Function

The Committee is satisfied with the expertise and adequacy of resources within the Finance function and notes the appointment of the new Chief Executive Officer on 01 April 2015.

Appreciation

The Audit Committee relies to a great extent on the Head: Internal Audit and his staff for their support and assistance, and for this we would like to thank them.

The Committee would also like to express its gratitude to the DCM: Economic Development, Board of Directors, Accounting Officer, Chief Financial Officer and the AGSA for their cooperation and assistance during the year.

Mrs Londiwe Mthembu

Chairperson: eThekwini Municipality Audit Committee

Date: December 2015

6. OVERVIEW BY THE CHIEF EXECUTIVE OFFICER

I am pleased to report that the 2015 fiscal was a successful year in many respects for the Durban International Convention Centre. Not only did the company significantly increase the number of events it hosted this year, but it also secured a number of major international conferences for the years ahead.

6.1 Financial Performance

During the 2015 financial year, the Durban ICC produced another solid set of financial results. The Centre generated a Revenue figure of R157-million, which exceeded the forecast target and surpassed the prior year's performance of R152-million. The company maintained an impressive Gross Profit percentage (78%) by cutting its cost of sales figure by 6% this year. In addition, the company also showed significant year-on-year growth (33%) in its pre-tax profits moving from R29-million in 2014 to R39-million this year.

6.2 Clean, Unqualified Audit

We are extremely proud to have received a clean, unqualified audit from the Auditor-General of South Africa for the second consecutive year. Transparency, good governance and statutory compliance are foundational to the company's success and this achievement is a clear demonstration of the company's commitment to these principles. This audit opinion confirms that the strong internal controls and sound financial systems which have been implemented are in-line with all applicable legislation and continue to bolster public confidence in the management of this entity.

6.3 Economic Contribution

During the past financial year, the Durban ICC made an outstanding contribution to both the provincial and national economies. The company contributed R4.6-billion to the national Gross Domestic Product (GDP), showing a 47% growth in this figure from the previous fiscal year.

The vast majority of this contribution benefited the KwaZulu-Natal economy directly, by adding R4.5-billion to the province's Gross Geographic Product (GGP) whilst creating and sustaining 10 662 jobs in the province alone.

This remarkable macro-economic contribution translated into further social benefits for the country by contributing R986-million to Indirect Household Income and generating R695-million in net foreign exchange earnings.

6.4 Delivering Service Excellence

Owing to a scheduling change in the World Travel Awards' calendar, both the 2014 and 2015 awards ceremonies were hosted during the past twelve months. (2014 Ceremony: 8th September 2014 and 2015 Ceremony: 22nd June 2015) I am delighted to report that the Durban ICC took top honours at both of these award ceremonies, being voted "Africa's

Leading Meeting and Conference Centre". This brings the total to an unprecedented 14 times in the past 15 years that the Centre has been recognised with this accolade.

Whilst it is humbling to see how many of our clients are willing to cast their vote for us in this awards programme, it is encouraging to see the vast improvement in overall customer satisfaction over the past twelve months.

The past year also saw the Durban ICC maintain its international standards in accordance with its ISO certifications, AIPC Quality Assurance Programme and the Tourism Grading Council of South Africa. In addition to its HACCP certification, the company holds ISO certifications in Quality Management (ISO9001), Environmental Management (ISO14001) and Food Safety (ISO22000). The Durban ICC is the only convention centre in the country to hold all three of these international certifications.

In the last year, the customer satisfaction levels have climbed steadily, showing an improvement in each consecutive quarter. The company ended with an overall customer satisfaction rating of 94% for the 2015 year.

6.5 Broad-Based Black Economic Empowerment

We are pleased to report that the company has made a significant improvement in its Broad-Based Black Economic Empowerment status (B-BBEE) during the period under review. The Durban ICC achieved a 28% improvement in its B-BBEE Procurement Recognition level, moving from a Level 4 contributor to Level 2 contributor in 2015. This improvement is a reflection of the company's on-going commitment to transformation and empowerment in South Africa.

6.6 Enhancing our Assets

The company is committed to keeping the Durban ICC at a world-class standard at all times. During the course of the year, we undertook a number of capital expenditure projects to improve the aesthetic appeal of the Centre and enhance the authentic African experience guests have come to love about the Durban ICC.

The list of projects ranged from new audio-visual and presentation equipment in the Meeting Rooms to adding new informal meeting areas complete with charging facilities for our guests' mobile devices.

6.7 A Word of Thanks

Firstly, I would like to express my gratitude to the amazing team at the Durban ICC. You have gone above and beyond the call of duty to deliver another crop of exceptional events this year. Without your commitment, the remarkable accomplishments of this financial year would not have been possible. On a personal note, I have felt welcomed into this new family and I look forward to working side-by-side with you to take this iconic facility to even greater heights.

I would also like to extend my thanks to our clients for your loyal support. We will continue striving to meet and exceed your expectations in the year ahead. To our stakeholders and strategic partners – thank you for the role which you played in our success this year. May we all enjoy the fruits of our combined labour in the months and years ahead.

Finally, let me express my appreciation to the Board of the Durban ICC for their oversight, support and guidance over this past year.

Lindiwe Rakharebe Chief Executive Officer

7. INTEGRATED SUSTAINABILITY REPORT

The Durban ICC at a glance in terms of People, Planet, Property and Profit

PEOPLE

Whilst it is important that the Durban ICC has continued to play a vital macro-economic role over the past fiscal year, it is essential to recognise that this influence translates into positive impact in the lives of real people, both here in South Africa as well as around the globe. The real contribution which the Centre has made has been in the lives which have been changed through its influence and impact.

More than **70,000 jobs** have been created and sustained as a result of the Durban ICC's activities since 2007 and over **10,000 jobs in 2015** alone.

The Durban ICC has made a cumulative contribution of over **R25-billion** to South Africa's GDP since 2007.

In the 17 years of its existence the Centre it has hosted over **7,500 conferences** and brought over **5.5 million delegates** to Durban.

The Durban ICC employs 156 full time staff.

57.5% of the company's total workforce is Female and Women represent **67%** of its **senior management team**.

In an effort to provide more job security to our people, we grew the number of permanent employees by **67%** this past year, moving from 93 in 2014 to 156 at the end of 2015.

The company invested in **752 Staff Training Days** in its staff this year against a target of 700 Days.

PLANET

The Durban ICC is committed to continuous improvement, not only in the quality of our events, but in all that we undertake to conserve resources, prevent waste and foster environmental sustainability for our community's daily quality of life, both now and for the generations to come.

Over the last year, the company separated and sent 43% of its total waste for recycling. This equates to over 80 tonnes of waste being diverted from landfills and turned into useful products again.

The Durban makes use of an **Ice Harvesting** system in order to provide a more sustainable and ecologically-friendly alternative to traditional air-conditioning systems.

Water consumption at the complex decreased from 82373 Kl in 2014 to 60335 Kl for 2015, resulting in a **27% decrease** in total consumption.

The Durban ICC decreased its total electricity consumption by 6% over the past year.

The Durban ICC's culinary department grows its own culinary **herbs** for use in its kitchens.

This company has successfully maintained its **ISO 14001 certification** for Environmental Responsibility since 2011.

PROPERTY

The Inkosi Albert Luthuli ICC Complex offers the largest flat floor, column-free multi-purpose event space in Africa. Incorporating the Durban International Convention Centre, the Durban ICC Arena and Durban Exhibition Centre, the complex offers over 112,000m² of flexible exhibition and meeting space.

The sheer size and scale of the Durban ICC alone is astounding. The building itself is over a kilometre in length, longer than **10 football pitches**.

With all its internal doors open, you could park **14 Boeing 747s** end-to-end in the Durban ICC's main convention hall.

The complex can host gatherings of up to 20,000 people.

The Durban ICC is ranked among the **Top 15** conference centres in the world by the International Association of Congress Centres.

The Centre's complimentary Wi-Fi network can accommodate **8,000 users** concurrently.

The Durban ICC can prepare and serve **5,000 hot, plated meals** to any area of the venue within **16 minutes**.

PROFIT

In order to be a self-sustaining entity of the eThekwini Municipality and not be a burden to the rate-payers of Durban, the company strives to operate profitably. These profits are also essential to re-invest into the facility to keep it at a world-class standard and attract future international events.

Over the past financial year, the Durban ICC grew its Revenue by **R5.3-million**, to achieve a figure of **R157-million**.

The company showed a marked improvement in its Net Profit for the year, increasing by **32%** from R23.8-million in 2014 to **R31.5-million** in 2015.

The Durban ICC has remained profitable for the past five consecutive financial years.

As a result of its activities a total of **1 486 486** Delegate and Visitor Days were generated in 2015.

For the last five years the Durban ICC has generated a cumulative net profit of **R147-million**.

8. DURBAN ICC HIGHLIGHTS FOR THE PERIOD UNDER REVIEW

During the 2015 fiscal the company was able to record the following achievements:

- The Durban ICC grew its net-profit by 32% to achieve a figure R32-million.
- The company received a clean, unqualified audit from the Auditor-General of South Africa for the second consecutive year.
- The Centre's contribution to Gross Domestic Product was R4.6-billion and contributed R4.5-billion to KwaZulu-Natal's Gross Geographic Product in 2015.
- The Durban ICC won 17 bids during the financial year, including the 2nd BRICS
 Urbanisation Forum and the 10th Comprehensive Africa Agriculture Development
 Programme International Congress.
- The Centre was voted "Africa's Leading Meetings and Conference Centre" for the fourteenth time in fifteen years at the World Travel Awards.
- The Durban ICC took top honours in the Tourism Category of the KwaZulu-Natal Top Business Awards 2015.
- The Durban ICC maintained its ISO9001, ISO14001, ISO22000 and SANS10330 HACCP certifications.
- The Durban ICC maintained its 5 Star Grading with the Tourism Grading Council of South Africa.
- The Durban ICC maintained its Gold Rating in the Quality Standards Programme of the International Association of Congress Centres (AIPC).
- Once again, the team continued to deliver many successful events including the Congress of the International Union of Architects, the World Medical Association Congress 2014, the African Economic Expansion Summit 2014 and the World Chess Youth Championship 2014.

9. MACRO-ECONOMIC CONTRIBUTION

Over the last nine consecutive financial years, a detailed study of the Durban ICC's economic impact had been conducted by independent research companies. This year the report was compiled by Grant Thornton South Africa and is based on the historical performance of the Centre for the 2014/15 financial year. The study reports on the impact of the Centre's activities on key economic indicators such as its contribution to Gross Domestic Product (GDP), provincial Gross Geographic Product (GGP) and job creation.

During the past financial year, the Durban ICC once again made an immense macroeconomic contribution to Durban, KwaZulu-Natal and South Africa. Despite the impressive contributions made in the previous financial year, the company achieved notable year-on-year increases in every major economic indicator for the 2015 year.

Key Macro-economic Indicator	2015	2014	
Contribution to South Africa's GDP	R 4.6-billion	R 3.1-billion	
Contribution to KwaZulu-Natal's GGP	R 4.5-billion	R 2.8-billion	
Net Foreign Exchange Earnings	R 695-million	R 586-million	
Tax Revenue Generated	R 346-million	R 283-million	
Total Delegate and Visitor Days	1 486 486	1 412 684	
Jobs Created (Direct and Indirect)	10 874	7 773	

It is clear from the figures detailed above that the Durban ICC continued to deliver effectively on its mandate, recording its greatest contribution to economic development for the province of KwaZulu-Natal and South Africa to date.

(Infographic: Insert these figures, showing the percentage growth for each indicator):

Contribution to South Africa's GDP	R 4.6-billion	48%
Contribution to KwaZulu-Natal's GGP	R 4.5-billion	57%
Net Foreign Exchange Earnings	R 695-million	19%
Tax Revenue Generated	R 346-million	22%
Total Delegate and Visitor Days	1 486 486	5%
Jobs Created (Direct and Indirect)	10 874	40%

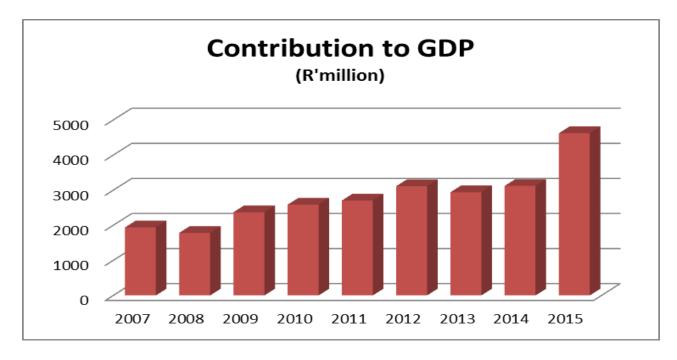


9.1. Contribution to Provincial and National Economies

During the past financial year, the Centre contributed R4.6-billion to South Africa's GDP. This is an increase of R1.5 billion in nominal terms compared to the previous financial year. The majority of this contribution directly benefited the KwaZulu-Natal Gross Geographic Product during the year (R4.5-billion).

It is projected that the Durban ICC contributed R986-million to indirect household income in 2014/15 and around R469-million flowed to low income households.

(Pand Million)	Financial Years								
(Rand Million)	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total Contribution to GDP	1937	1783	2371	2587	2705	3113	2940	3121	4622



The Durban ICC's contribution to the country's Gross Domestic Product over the past nine years has exceeded R25-billion, not taking into account its contribution in the first nine years of its operation.

Infographic:

The Durban ICC has Contributed over

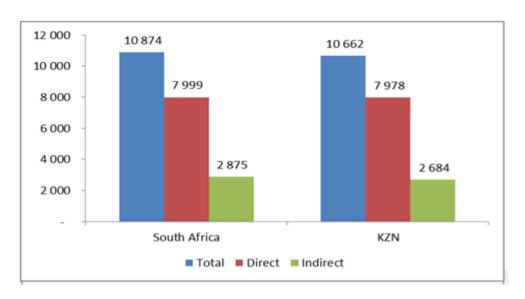
R25-bn

To the South African Economy since 2007

9.2. Job Creation

From an employment perspective, a total of 10 874 people were employed as a result of the Durban ICC's activities. In 2015, 7 999 people were employed directly and a further 2 875 people were employed indirectly as a result of the activities of the Durban ICC. The total annual payroll for these jobs amounts to R830.6-million.

Taken cumulatively for the past nine years, the Centre is responsible for creating and sustaining over 70,000 jobs.



Infographic:

The Durban ICC has created over 70,000 jobs since 2007

9.3. Delegate and Visitor Days

The Centre generated a total of 1 486 486 delegate and visitor days during 2015, an increase of 5.2% from 2014. International delegate and visitor days totalled 302 875 and constituted 20% of the total days. The balance of the days was split between delegates from within the KwaZulu-Natal province (55%) and the rest of South Africa (25%).

Total Days Generated By:	Financial Years					
	2011	2012	2013	2014	2015	
Congresses						
KwaZulu-Natal	16 204	28 143	20 569	13 223	85 435	

Rest of South Africa	39 966	49 899	47 991	33 259	180 588
International	22 856	216 351	34 892	28 806	160 193
Total Days	79 026	294 393	103 452	75 288	426 216
Exhibitions and Other Events					
KwaZulu-Natal	360 118	348 021	341 628	382 035	732 357
Rest of South Africa	492 268	425 906	392 898	469 022	185 231
International	501 454	447 888	413 435	486 339	142 682
Total Days	1 353 840	1 221 815	1 147 961	1 337 396	1 060 270
Total All Events					
KwaZulu-Natal	376 322	376 164	362 197	395 258	817 793
Rest of South Africa	532 234	475 805	440 889	502 282	365 819
International	524 310	664 239	448 327	515 144	302 875
Total Days	1 432 866	1 516 208	1 251 413	1 412 684	1 486 486

9.4. Other Macroeconomic Benefits

During the past year, the Durban ICC also made other significant contribution in the following economic areas:

- Tax Revenue Generation A total of R346-million in tax revenue was generated by the Durban ICC in 2015. Since 2007, activities associated with the Durban ICC have cumulatively contributed R2.2-billion to taxes.
- Foreign Exchange Earnings The Durban ICC makes an important contribution to foreign exchange earnings by attracting international delegates and tourists to the country. The foreign exchange earnings totalled R 695-million in 2015. This represents a R109-million year-on-year increase, and cumulatively brings the total of net foreign exchange earnings to R4.3-billion in since 2007.
- Impact on the Tourism Industry Apart from the foreign exchange revenue mentioned above, the Durban ICC makes a significant contribution to the tourism industry by attracting international delegates to South Africa. It is estimated that an additional 1 060 361 hotel room-nights were generated as a result of the Centre's activities in 2015. The main beneficiaries of the additional room-nights spent in the country are the accommodation, food and beverage, and retail sub-sectors.

10. FINANCIAL PERFORMANCE HIGHLIGHTS

In spite of the challenging economic climate which has shown nominal improvement at best over the past year, the Durban ICC has managed to post profitable financial results for the fifth consecutive year.

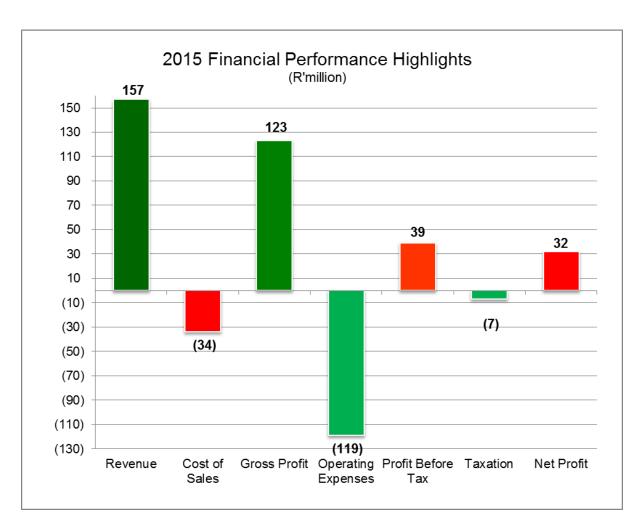
The company once again produced an impressive set of financial results, including the generation above-target revenues of R157-million and achieved a profit before tax of R39-million.

As a result of diligent management, the company managed to improve its Gross Profit percentage to 78% from the previous financial year's 76%. In addition, the Centre showed a marked improvement in its Net Profit for the year, increasing by 32% from R23.8-million in 2014 to R31.5-million in 2015.

It is noteworthy to mention that the company received a clean, unqualified audit by the Auditor-General of South Africa for the second consecutive year. This audit opinion affirms the Centre's sound financial management and its compliance with all statutory requirements. This once again verifies the good governance and thorough internal controls in operation at the Durban ICC.

10.1 Highlights of the 2015 Financial Year

	2015	2014	Variance
Revenue	R 156 779 390	R 151 527 679	3%
Cost of Sales	(R 33 915 334)	(R36 010 065)	-6%
Gross Profit	R 122 864 056	R 115 517 614	6%
Operating expenditure	(R 118 505 167)	(R 109 839 263)	7%
Profit before taxation	R 38 838 355	R 29 028 360	33%
Net profit	R 31 529 450	R 23 841 432	32%



A summary of the Durban ICC's financial statements, reflecting the Statement of Financial Position and the Statement of Financial Performance is available on pages 50-51. The comprehensive audited annual financial statements are available on the Durban ICC website.

10.1. Supplier Development

Development of small and emerging enterprises during the 2015 financial year has been a key focus area for the Durban ICC, which has resulted in the identification and implementation of dedicated projects and initiatives to this end, in order to achieve the desired outcomes.

The key objectives which the Durban ICC sought to achieve via this strategy included:

- Improvement of the competitiveness of small and emerging entities via support programs
- Increase in the number of suppliers and buyers in the market
- Promotion of equitable access and participation in the market
- Implementation of the Broad Based Black Economic Empowerment (B-BBEE) principles
- Identification of beneficiaries of business support initiatives and assess the appropriateness thereof in terms of the Durban ICC's target initiatives

 Alignment of existing programmes to the enterprise development requirements of the B-BBEE Act

During the year under review, the Durban ICC was committed, to identify and assess the projects which satisfy the Enterprise Development criteria, outlined above. These projects and initiatives were ring-fenced and assessed as Enterprise Development initiatives in terms of the Broad Based Black Economic Empowerment (B-BBEE) Code.

10.2. Enterprise Development Initiatives embarked on during the 2014/15 Financial Year

Enterprise Development was part a key element of procurement procedures of the Durban ICC during this past fiscal.

The enterprise development initiatives for the 2015 financial year included the:

- Identification of existing business support programs that had the potential to be Enterprise Development Programmes
- Identification of beneficiaries of existing business support programmes and assessment of their appropriateness in terms of the Enterprise Development requirements of the B-BBEE Code (with specific focus on women and youth)
- Alignment of existing Durban ICC programmes to the enterprise development requirements of the B-BBEE Act
- Creation of an implementable plan that facilitated other corporate entities to invest in the identified programmes
- Provision of mentorship and training for developing enterprises to become ISO and HACCP certified

10.3. Broad-Based Black Economic Empowerment (B-BBEE)

The Durban ICC has always recognized that the growth of the South African economy is largely dependent on the extent to which historically disadvantaged South Africans participate meaningfully in its growth.

The company is proud of the significant improvement made in its B-BBEE status during the period under review. The Durban ICC achieved a 28% improvement in its B-BBEE Procurement Recognition rating, moving from a Level 4 contributor to Level 2 contributor over the past twelve months.

This improved rating is a result of a concerted effort on the part of the management team to give effect to its transformation strategy which strongly supports the local community when selecting suppliers and vendors. These efforts have resulted in 86% of the company's expenditure being conducted with black-owned businesses. Enterprise and socio-economic development were key objectives during the fiscal as well.

The Durban ICC implements its B-BBEE policies in line with Government requirements and aims to contribute meaningfully to each transformation objective namely: direct

empowerment through management control at a senior level; human resource development and employment equity; empowerment through preferential procurement; enterprise development and corporate social investment.

Whilst improving on its already impressive score in Employment Equity and Management control, the company also scored 100% in each of the following criteria: Preferential Procurement, Enterprise Development, and Socio-economic Development figures.

The Durban ICC's approach to procurement aims to balance economic imperatives with its transformation goals, as entrenched in its procurement policy prescripts and the regulatory requirements which the Durban ICC subscribes to. This approach has resulted in both cost savings for the company and transformation benefits for the local community.

11. GROWING THE BUSINESS

Above our municipal mandate to generate economic impact and our corporate mandate to remain profitable, the organization has developed a vision and a set of values to guide us in our planning and delivering the experience we create in our day-to-day operations. In the process of humanizing our brand values we are, first and foremost, a customer service driven organization.

Vision

We deliver a world class experience that exceeds our client's expectations in an innovative, sustainable and proudly African way.

Values

Integrity

Be honest, subscribe to a high level of ethics, meet deadlines, ensure accurate information and reports, be transparent and have no hidden agendas. Always honour our commitments and refrain from defamation of colleagues or company.

One team, one vision, united in diversity

In supporting, growing, uplifting each other and working together towards a common goal, we achieve more. We recognise that everyone is unique and the combination of these skills working together promotes a healthy company culture.

Passion and commitment

The internal desire and drive to strive for the highest level of professionalism, positivity and enjoyment in all aspects of the business by being consistent, punctual and innovative in our quest for service excellence.

Respect

Mutual respect at all levels is key to a positive culture. This entails being courteous, tolerant, humble, valuing diversity, listening carefully, being disciplined, seeking to understand and having the desire to seek consensus. To treat others how we wish to be treated.

<u>Accountability</u>

We shall take responsibility for our roles and actions and be accountable in ensuring the highest levels of cooperation and performance. We shall acknowledge our mistakes, accept the consequences and learn from them to grow, develop and improve.

11.1. Humanising our brand through partnerships and collaboration

The Durban ICC has once again achieved profitable financial results for the past year. Despite a challenging economic climate and highly competitive marketplace, Africa's Leading Convention Centre posted an impressive set of financial results for the fifth consecutive year and generated above-target revenue.

The Durban ICC has always been committed to economic and social development in the province of KwaZulu-Natal and as part of our "Thought Leadership" programme we initiated a series of interactive economic dialogues to support these objectives and add to the national conversation around today's important issues. We have such a wealth of talented

business leaders in South Africa and these events have provided the platform for them to share their insights and wisdom with a wider audience.

The first of these events was hosted in August 2014 and, in honour of Women's Month, tackled the dynamics between women and men in today's boardroom. The Durban ICC partnered with Businesswomen's Association of South Africa and the Global Legacy Trust to present the inaugural event of this exciting new venture.

The event, entitled "Fairy Godmothers and Genies Battle in the Boardroom", was the first of its kind in South Africa and brought together a panel of prominent thought-leaders from business and government to share their views on gender equality and inclusivity.

The discussion allowed for lively debate followed by an interactive session for the panel to field questions from the audience.

In the last fiscal we also hosted a second event entitled "Greed is Good vs Generosity Pays" which demonstrated how to be generous in business as leaders, while remaining highly profitable and creating a prosperous city, country and continent.

The third event called "Catalysts for Change" was focused on capacitating Academics and Heads of Associations on the bidding process and hosting of successful events which impact the economic growth of a province and help build the knowledge economy.

11.2. Shared-Value Partnerships

The Durban ICC believes that brands and businesses cannot operate in a vacuum and is therefore committed to working in a broader eco-system where everyone works towards a common aspiration of growing business tourism and thereby growing the economy.

The Durban ICC has engaged and partnered with several organisations that share this value including the SA National Convention Bureau, Durban KwaZulu-Natal Convention Bureau, eThekwini Municipality International Relations Department, Tourism KwaZulu-Natal, Trade and Investment KwaZulu-Natal, Durban Tourism and the Durban Chamber of Commerce and Industry to name a few.

11.3. Catalysts for Change

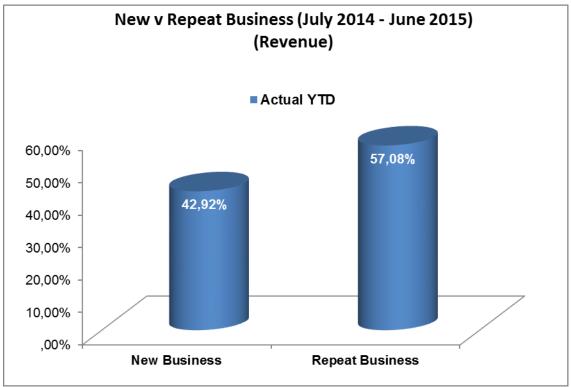
The Durban ICC Marketing team has been focused on better understanding the needs of our valued customers, streamlining processes and tailor making packages to enhance their event experience. Diligent management, aggressive sales and marketing strategies and greater efficiencies have all contributed to our success.

Service excellence is the heartbeat of the Durban ICC and our staff constantly strive to provide exceptional experiences for our guests. It is always encouraging when the success of these efforts is recognised by the industry and the community at large.

11.4. Event Highlights

As a result of the aggressive sales and marketing strategies, the Durban ICC successfully hosted 349 events during the year. This constitutes a 19% growth on the 2014 figure of 292 events. In addition, the company also increased its year-on-year revenue figure by R5.3-million to achieve an above-target figure of R 156.8-million from exchange transactions.

A total of 37 international and 312 national events were secured for the period under review, comprised of 170 Corporate, 90 Government, 34 Association and 55 Private events. It is encouraging to see the healthy balance between new and repeat events which the Centre hosted this year. 57% of our events were repeat events with the balance of 43% were new events.



Below is a selection of the international meetings hosted during the 2015 financial year:

International Conferences and Events	Association Base
Congress of the International Union of Architects	Paris, France
21 st World Congress of the International Association for Child and Adolescent Psychiatry and Allied Professions 2014 (IACAPAP)	Global representatives. President in France and Secretary in Turkey
World Chess Youth Championship 2014	Greece, Athens
International Conference on Chemical Thermodynamics & South African Chemical Engineering Conference (ICCT/ SAICHE 2014)	London, UK

International Karate Tournament 2014	Tokyo, Japan
Psychology Association SA Conference	Gauteng, South Africa
African Ports Evolution 2014	Western Cape, South Africa
Board of Health Care Funders 2014	Gauteng, South Africa
South African Institute of Architects AGM & Banquet	Gauteng, South Africa
Indian Chemical Exhibition	Mumbai, India
World Medical Association Congress 2014	Ferney-Voltaire, France
12 th Intermodal Africa 2014	Selangor Darul Ehsan, Malaysia
South African Planning Institute Conference 2014	Gauteng, South Africa
African Economic Expansion Summit 2014	Durban, South Africa
East 3 Route Investment Seminar & Exhibition	Collectively South Africa, Seychelles, Mozambique and Swaziland
NEPAD - African Union Meeting	Gauteng, South Africa
World Amateur Golfers Championship Awards Gala Dinner	Sweden
2015 OSSA Congress	Bloemfontein, South Africa
International Hubs Investment Forum	Pietermaritzburg, South Africa
17th African Renaissance Festival	Durban, South Africa
7th Southern African AIDS Conference 2015	Johannesburg, South Africa

INDABA 2015	Johannesburg, South Africa
SAB Miller Africa Conference 2015	Johannesburg, South Africa,

(Insert infographic showing the unique international bases. Example:)



Selected highlights from the financial year's international events included:

UIA2014 – 25th International Union of Architects World Congress

The UIA2014 World Congress, held in August 2014, brought together architects, design and built environment professionals, pioneers in urban planning and thinking, activists, city makers, academics and researchers, students, Government officials, decision makers and thought leaders, citizens and communities - to debate and discuss strategies for the design and delivery of more habitable, functional and beautiful cities.

The event was a resounding success and was earmarked by its vibrant energy. Following talks from 11 renowned keynote speakers, the presentation of more than 350 academic papers, and over 50 workshops and meetings, various documents were compiled outlining the intentions of key role-players involved in the built environment.

The programme included a week of lively and challenging talks, workshops, events and happenings. Two main exhibition areas were activated for the event, one being at the Durban ICC, which showcased the UIA Work Programmes, the other being open to the general public hosted at the Durban Exhibition Centre (DEC). This was designed as an exploratory thought-provoking space with interactive and interesting book lounges, art exhibitions, various architectural exhibitions, as well as all catering offerings. The interactive forums and debates took place at the Durban ICC throughout the period of the Congress.

Walnut Road was converted into an Urban Park as a creative corridor between the Durban ICC and the DEC that lead visitors to a space activated by a networking lounge, a temporary musallah (prayer facility), craft trade and landscapers. This unique event also launched three urban regeneration projects as a lasting legacy for the city of Durban. As an added highlight, the Durban ICC was ranked in 14th spot in the Top 30 Architectural Designs in the City, which for us just adds to the energy and excitement of the congress.

African Economic Expansion Summit 2014

The inaugural African Economic Expansion Summit was hosted by the KwaZulu-Natal Premier Mr. Senzo Mchunu at the Durban ICC from 10th - 12th November 2014 to promote African development under the theme of "Investing in Africa's Infrastructural Growth Story".

The summit focussed on the continent of Africa from the perspective of infrastructure and specifically targeted the following six sectors for discussion around expansion and development:

- Transport
- Social Services
- Energy
- Agriculture
- Manufacturing
- Services

The summit had an important role to play in mobilising key stakeholders from the African Diaspora behind an African growth and reinvestment strategy. The event provided delegates with an opportunity to directly interact with business and government at the highest level. Representatives from Cameroon, United States, Poland, Argentina, Botswana, Burkina Faso and Zambia gave their perspectives about the need to for quality infrastructure projects to enable Africa's growth trajectory.

Concerts and Special Events	Attendees
MTN Joyous Celebration Concert 18	5 000
Durban Fashion Fair 2014	1 800
Extreme Fighting Championship - EFC 33	3 368
The King and Queen of Melody	3 200
Take Me Out - Live Show South Africa	450
South African School Choral Eisteddfod Competition	6 000
IBO Flyweight Title Fight	4 000
Mika Singh & The Zee Stars	4 556
Old Mutual Choral Music Festival	4 700
Russell Peters - Almost Famous World Tour	3 700
The Script Concert with Special Guest: Phillip Phillips	7 509

Kings and Queens Comedy	5 500
Atif Aslam Bollywood Concert	4 338
14 th Metro FM Music Awards	4 500
Deepak Chopra – The Future of Wellness	1 500
Shreya Ghoshal Concert	4 348
2 nd Annual Royalty Soapie Awards 2015	3 000
Ecumenical Good Friday Service 2015	3 000
Extreme Fighting Championship – EFC 38	3 200
Youth Film Development Project	1 000
WBC World Elimination Title Fight	4 000
Michael W Smith Concert	2 500

11.5. Bids Submitted and Won

The Marketing and Sales department was involved with the preparation and submission of 86 bids during the financial year. Some of these bid decisions were still outstanding at the time of printing this report, although confirmation has already been received that the following 21 bids were awarded to the Durban ICC:

African Ports Evolution	2014
Independent Community Pharmacy Association Conference	2014
Psychology Association SA Conference	2014
State Information Technology Agency Conference	2014
World Amateur Golfers Championship Awards Gala Dinner	2014
SA Society of Anaesthesiologists Conference	2015
Fourth BRICS International Competition Conference	2015
Old Mutual: Investment Insights	2015
International Hubs Investment Forum	2015

The South African Dental Association Conference	2015
NCPC-SA Sustainability in Industry Conference	2015
Youth in Business Summit	2015
6 th International Conference on the Community Psychology Conference	2016
South African Sugar Technologist Association Conference	2016
2 nd National Pharmacy Conference	2016
World Leisure Conference	2016
21st International AIDS Conference	2016
International Agency for the Prevention of Blindness Conference	2016
Water Institute of South Africa	2016
International Society of City and Regional Planners Congress	2016
International Congress of Clinical Chemistry and Laboratory Medicine	2017

11.6. Media Exposure and Public Relations

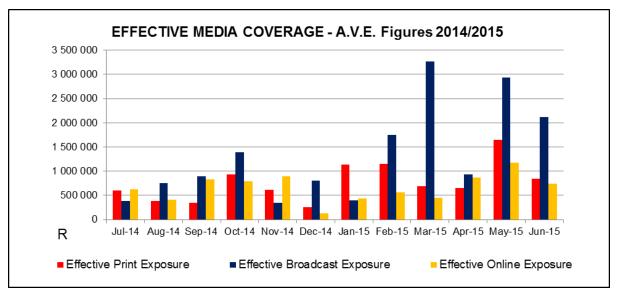
During the 2015 Financial Year, the Durban ICC generated a massive media exposure related to the company's significant achievements as well as the high-profile events it hosted.

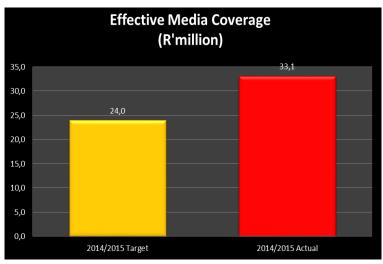
The company generated R33-million worth of Effective Media Exposure, showing an impressive increase of 32% from the R25-million achieved the previous year. Effective Media Exposure was calculated using the un-manipulated Advertising Value Equivalency (AVE) figures calculated by an independent media monitoring company and included articles which dealt with the Durban ICC or its events as the main subject of the article.

Media Exposure – A.V.E. Figures (R)

Month	Effective Print Exposure	Effective Broadcast Exposure	Effective Online Exposure	Total Media Exposure	Total Effective Exposure	Targets
Jul-14	600 605	388 522	630 675	11 437 503	1 619 803	1 300 000
Aug-14	380 984	749 180	411 260	14 041 290	1 541 425	1 200 000
Sep-14	344 552	895 742	829 351	12 240 343	2 069 646	1 500 000

Totals	9 252 086	15 975 377	7 916 836	153 281 128	33 144 300	24 000 000
Jun-15	843 650	2 114 140	737 140	16 307 603	3 694 930	2 500 000
May-15	1 644 986	2 933 469	1 172 725	17 495 704	5 751 180	2 300 000
Apr-15	655 845	927 852	868 422	7 508 098	2 452 119	1 200 000
Mar-15	692 287	3 269 840	453 790	18 603 624	4 415 917	4 800 000
Feb-15	1 147 119	1 752 504	565 502	14 477 824	3 465 125	2 000 000
Jan-15	1 138 670	403 222	435 521	8 696 307	1 977 413	1 200 000
Dec-14	254 943	801 212	125 722	5 667 345	1 181 877	1 800 000
Nov-14	610 437	352 635	896 409	11 435 672	1 859 481	2 000 000
Oct-14	938 007	1 387 059	790 318	15 369 815	3 115 384	2 200 000





12. DELIVERING SERVICE EXCELLENCE

The Durban ICC is committed to making every client's experience a memorable one, from the minute they walk into the Centre to the time they leave. We believe that every client, irrespective of the size of their event or their level of spend, is valuable.

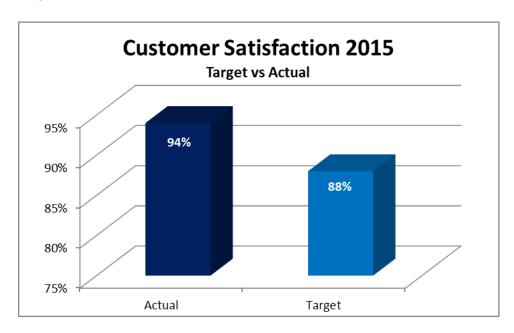
Our professional services, during pre-planning, live event and post-event, ensure that the client is afforded dedicated attention throughout their dealings with the Centre. All team members dealing with clients are well trained, knowledgeable and experienced to guide the client through the various phases of their event to ensure that the event is ultimately successful and the client achieves their goals.

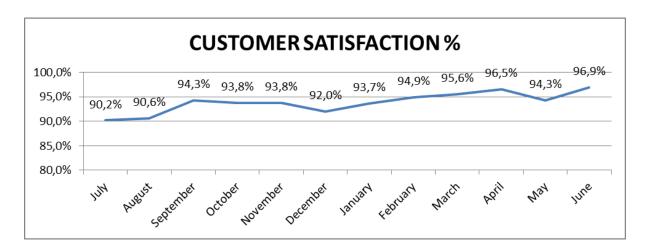
Communication is imperative to ensure the various departments within the Durban ICC deliver excellent service. A designated team member is assigned to each client to ensure consistent communication for the duration of their event.

12.1. Customer Satisfaction

The Durban ICC is committed to Service Excellence and continuous improvement in its levels of Customer Satisfaction. Client and Guest feedback is gathered after every event and service levels are tracked and analysed to identify areas of improvement.

For the 2015 fiscal, we are proud to report that our overall Customer Satisfaction was rated as 94% across the company, a sterling achievement that supports our belief that the client is king!





During the 2015 fiscal the company utilised the Weighted Average method to track its customer satisfaction levels. This change made it possible to benchmark our performance against other convention centres around the world, as the Weighted Average method is the most widely used methodology employed globally.

12.2. International Standards

The Durban ICC holds a number of certifications which ensure service levels and deliverables are maintained at an international level. The Centre currently holds three ISO certifications. The International Organisation of Standardisation (ISO) is an internationally recognised standard setting body. Certifications held by the Durban ICC include: ISO 9001 Quality Management, ISO 14001 Environmental Management and ISO 22000 Food Safety Management. The Durban ICC is the only convention centre in the country to hold all three of these international certifications.

The Durban ICC has also been awarded Gold Certification by AIPC, the International Association of Convention Centres, yet another internationally recognised endorsement. The AIPC Quality Standards programme is the only specifically-purposed accreditation of its kind in the international conventions industry, and the Centre achieved the highest level of certification attainable.

This certification provides global recognition and respect in the international meetings industry and demonstrates our commitment to world-class standards in the management and operation of the Durban ICC.

On the local front, the Durban ICC has been rated as a five-star establishment by the South African Tourism Grading Council. This is an annual certification, awarded once the centre successfully undergoes an independent assessment and is rated accordingly.

12.3. Passion & Commitment

The employees of the Durban ICC form a special team of dedicated, passionate and loyal employees who live and breathe the spirit of Ubuntu, working together to achieve success, working as an extension of the client's operation to share in their success and accomplishments. Our employees have extensive experience within the conferencing

industry, many of whom have been employed by the Durban ICC since its inception 18 years ago. A perfect example of such loyalty and commitment is our very own Operations Manager, Johannes Basi. Johannes joined the company in 1997 as a set-up supervisor and over the past 18 years climbed the ranks to the management position he occupies today.

A number of our ground staff who are responsible for taking good care of the clients while on site receive positive compliments some examples include:

- "Bongi is always on call, she is amazing" Telkom Roadshow (Jan 2015)
- "Lucky was brilliant and amazing" Toyota Regional Dealership Convention (Feb 2015)
- "Mzukisi was great to deal with, very efficient" ECR / GIBS Breakfast (March 2015)

Through professional development, mentorship and constant training, the Durban ICC is confident that our service levels will remain comparable with the other leading convention centres the world around.

13. FOOD FOR THOUGHT

13.1. Kitchen Upgrade

During the December 2014 shut down period the Durban ICC continued with the upgrade and renovation of the main kitchen and satellite kitchens. The project involved the replacement of the old Rational Combi steam ovens that have been in use for the last 17 years. Roughly 12 million meals were prepared and served over the last 17 years in these old ovens.

These steam ovens were replaced with 28 new Salvis Combi steam ovens. The new Salvis Combi steamers were purchased as part of the planned upgrade of the Centre's culinary equipment. This new generation of food technology ensures the Centre maintains the highest levels of food safety.

Some of the benefits which the Durban ICC's culinary team enjoys with the new equipment include:

- Shorter preparation times.
- Better control over internal cooking temperatures.
- Reduced energy consumption. These ovens require 70% less energy than conventional cooking appliances and 40 % less than the previous combisteamers.
- Increased capacity. These ovens can cater for up to 40% more volume.
- Better heating uniformity across the range of prepared dishes.
- Minimised waste of raw products.
- Reduced cleaning costs, thanks to the automatic cleaning function which operated overnight. This also further reduces consumption of chemicals, water and energy.
- Reduced labour. The improved uniformity of heating does away with timeconsuming tasks like turning joints of meat when cooking.
- Improved process control. The ovens record a comprehensive register of its operations which is downloaded by the chefs via the USB port to their kitchen management system.

The Centre employs the 'Cook and Chill' method in its kitchens, which entails the cooking and rapid chilling of the food. This method retains both its flavour and nutrients whilst ensuring that the highest levels of food safety are maintained. By comparison, the traditional cook-serve systems cannot compete with the superior levels of accurate temperature control which this method provides.

Controlling food temperatures accurately is an essential principle of the Hazard Analysis and Critical Control Points (HACCP) system. The Cook-Chill system ensures compliance

throughout the entire process, from goods receiving, preparation, blast-chill to regeneration. The complete system is carefully governed by temperature guidelines at each point and the new equipment is specifically designed to meet HACCP requirements.

Although the Durban ICC obtained its ISO 22000 Food Safety certification in 2010, the culinary team is continuously investigating ways to improve the system. The team is always committed to providing the best culinary offering at the highest levels of food safety possible.

13.2. New Trends

The culinary department is constantly looking for innovative ways to cater for our guests with healthy and wholesome offerings to enhance their conference experience. Trends in the meetings industry are moving toward a reduction in space designated for catering and more emphasis is currently placed on networking and connection areas.

Menus with a wider range of smaller, individual portions are becoming more popular than traditional buffet menus. Modern conference delegates are looking for a dining experience which they can't experience at home. Our team strives to stay ahead of these trends and cater for the constantly evolving needs of our guests.

Whilst always ensuring tastiness, value for money and substantial dishes, our chefs are adapting our menus to cater for the ever-growing move toward healthier lifestyles. This entails the incorporation of more fruits and vegetables in creative ways, lowering the calorie levels and utilising healthier methods of food preparation.

13.3. Culinary Benchmarking

As an international convention centre with a proud reputation for culinary excellence, we believe strongly in benchmarking our operation against international best practices. By attending and participating international conferences, we can ensure that we remain on the cutting edge of developments in the industry.

The Centre's Executive Chef, John Moatshe, traveled to Switzerland and Sweden this year to receive advanced training for the new Salvis Combi steam ovens and to provide valuable industry feedback on the use of this technology.

Chef Moatshe was invited to visit other professional chefs and international hotel schools in Switzerland and was exposed to the latest European trends in food technology and the modern presentation innovations; insights which he was keen to share with the rest of the culinary team upon his return.

He also took the opportunity to gather information on new culinary modern-day banqueting equipment, as the department has set out to purchase new industrial equipment in the near future.

13.4. Staffing

In the past year we have been pleased to be able to offer a number of our flexi-staff members fixed-term employment contracts. This has helped greatly with regards to the consistency of food presentation, taste and service delivery, as well as assisting with the company's food cost and overall labour cost. This has also improved the morale of the staff in the kitchen. Plans are underway to expand this programme during the upcoming financial year.

13.5. Youth Development

The first full cycle of the Centre's graduate programme concluded in November 2014 with four demi chef graduates completing the course. These young chefs have now joined the wider hospitality industry and are charting their own ways in some of the country's finest restaurants and five-star hotels.

A new group of young graduates have joined the Culinary Department for the next installment of the graduate programme. Some of the brightest and the best of these will be lucky enough to be retained for permanent positions within culinary department should vacancies become available.

14. MANAGING OUR ASSETS

The company undertook a number of projects this year to improve and modernize the look of the Durban ICC and add to the overall guest experience. We began with the first place of contact for the majority of our clients – the main foyer area. At the end of last year we constructed a new information desk and this large, modern desk presents a very welcoming design and helps draw the clients' attention to where they can be assisted directly.

The next addition was the refurbishment of the main Registration area. The old-fashioned LED display signage was replaced with new, modern LED screens. This allows clients to display a much greater range of information to their delegates on registration. Clients are now able to display logos, images and even video clips to the delegates on each of the ten new screens.

In addition a Tension Fabric Banner System has been installed at the Registration Desk. The vibrant images of this banner system have greatly enhanced the look of the area and have provided greater flexibility for our clients to brand this area for their events.

All the planters throughout the Centre have been replaced with contemporary, fresh designs and all the interior plants have been replaced with new, indigenous plants that give a fresh look to the Centre. A number of Mosaic planters were also purchased for the main foyer. As a variation from the other plants in this area, these hold decorative Aloes beaded by local craftsmen – these add to the authentic African Feeling of our Centre.

The large Terracotta pots in the main foyer and concourse which used to hold artificial palm trees inside have been replaced with large, living Aloes and been adorned with beaded African Belts mounted onto the pots for decoration. New stainless steel bins have also been added along the concourse which are more aesthetically pleasing than the old bins.

A growing trend amongst convention centres throughout the world is the increased need to provide small, informal areas where delegates can relax and connect in between sessions. It is also commonplace now for delegates to be using two or three mobile devices simultaneously, which inevitably need to be recharged during the day. The Durban ICC aimed to address both these trends by adding additional lounge areas around our coffee shop and upper foyers which incorporated charging stations in all the coffee tables.

The brightly-coloured tub chairs are very welcoming and the feedback from our delegates has been phenomenal when they discover the charging stations in these mini-lounge areas. Power docks have also been installed in the counters at the Baobab Café to enable our clients to charge their devices during their lunch breaks.

The Basement Boardroom has been upgraded by modernising the furniture and fittings giving a new, upmarket feeling to this venue. All the executive seating in the basement boardroom and all hospitality suites have been replaced with leather executive chairs.

Completing the planned audio-visual upgrade of the smaller meeting venues, Meeting Rooms 11 and 12 have been equipped with automated projection screens, top of the line drop-down data projectors and audio equipment as a value add to the clients hiring these venues.

The Terracotta Suites, used by performing artists during concerts, have all been upgraded with new fitted cupboards, storage space and mirrors. The King Shaka Suite, Mahatma Gandhi Suite and Nelson Mandela Suite in the Arena basement have all been upgraded by removing redundant distribution boards and installing better lighting and improved power distribution.

Fixed leather seating, cupboards and granite tops have been installed in the Premier Suite where the Durban ICC entertains guests and prospective clients during concerts in the arena. This upgrade has given the suite an upmarket look and feel and saved the company the cost of hiring furniture for each event.

Some of the back-of-house areas have also been improved. The entire floor in the main kitchen and in Pantry 14 has been coated with a new epoxy layer. The metal fire escape from the Baobab Café to the North Courtyard has been totally refurbished.

At the Durban Exhibition Centre, the Outer Limits Servery has been given a new bright orange colour to make it more visible and inviting for clients during exhibitions. The entrance to Hall 1 from the South Courtyard has been totally refurbished and new roof sheeting has been installed.

Decorative coloured green LED lights have been installed to highlight the 'fever trees' at the main façade of the Durban ICC and also highlight the gardens at the drop off area. These LED lights also provide huge energy savings compared to the white metal halide lights which were previous installed to illuminate this area. Decorative coloured LED lights have also been installed in the Fig Tree Courtyard.

All these enhancements demonstrate the Durban ICC's commitment to keep the facility at a world-class standard and the continuous improvements assist in attracting new international events to the Centre.

15. INVESTING IN OUR PEOPLE

Over the past twelve months, the Durban ICC's Human Resources Department continued in its role of assisting the organization in attracting, retaining, and motivating talented staff to become fully engaged employees who consistently perform at their peak.

15.1. Recruitment

The Durban ICC continued to employ suitably qualified candidates in vacant positions to ensure that the various departments carry out their functions without capacity hindrances. In an effort to provide more job security to our staff, the company offered a number of our casual staff permanent employment contracts this past year. The number of permanent employees increased by 67%, moving from 93 in 2014 to 156 at the end of the 2015 fiscal.

15.2. Training and Development

In order to encourage unity and live up to its values of team work, a teambuilding intervention was held during January 2015. Furthermore, the Durban ICC continued to offer young people the opportunity to acquire work experience through the Centre's student and graduate programmes.

In addition, the company invested a total of 752 days in training during the past fiscal.

15.3. Employee Relations

The Durban ICC continues to build its relationship with the labour unions and in order to encourage greater employee engagement, consultative union-management meetings were held on a monthly basis.

15.4. Employee Wellness and Wellbeing

The Durban ICC acknowledges that the employees are its most valuable asset and as such the physical and mental wellbeing of staff members is critical for productivity. In our ongoing efforts to encourage work-life balance and promote the wellbeing of staff, the Durban ICC held a Wellness Day in June 2015.

At the Wellness Day, staff had the opportunity to do a health assessment, speak to consultants about their financial planning, and have their eyes tested. Other businesses were available on the day to provide information about nutritional supplements, weight-management, gym facilities and debt counselling. The South African National Blood Service was on hand and many of the staff donated as part of the annual blood drive.

15.5. Review of Policies

Through a process which included employee consultation, the company conducted a review of all its Human Resource policies to better align them with legislative and best practice updates. Policies which were reviewed included the recruitment policy, training and development policy, remuneration and benefits policy, amongst others.

16. RECOGNISING EXCELLENCE

16.1. World Travel Awards

During the past twelve months, the Durban ICC added another two World Travel Awards (WTA) trophies to its display case. Owing to a scheduling change in their ceremony calendar, both the 2014 and 2015 awards ceremonies were hosted during the period under review. The 2014 Ceremony was held on the 8th September 2014 and the 2015 Ceremony took place nine months later, on the 22nd June 2015.

We are proud to report that the Durban ICC took top honours at both of these award ceremonies, being voted "Africa's Leading Meeting and Conference Centre" for both years. This brings the total to an unprecedented 14 times in the past 15 years that the Centre has been recognised with this accolade.

In both these heavily-contested editions of the WTA, the Durban ICC competed against other highly-esteemed nominees which included the Cape Town International Convention Centre, Sandton Convention Centre, Kenyatta ICC and the Cairo ICC.

We are also delighted that the city of Durban was awarded 'Africa's Leading Meetings and Conference Destination", for the second consecutive year. This title provides global recognition and raises the profile of the destination in the international meetings industry.

These accolades affirm the status of the Durban ICC as one of the top convention centres in the world and the significance of Durban as a global business events destination.

16.2. Other Awards

The Bizz 2015 - Business Excellence Award

The Durban ICC was honoured with this award for the second consecutive year by the World Confederation of Businesses. This awards programme aims to celebrate those organisations that are pushing the boundaries of business excellence in their respective industries.

The Durban ICC's Marketing, Sales and Events Director, Mala Dorasamy, was recognised with two industry awards during the past year:

The Top 40 Women in Mice 2015

This initiative honours women who have made a difference in the meetings, incentives, conferences and exhibition industry. The award programme considered everything from leadership style, innovation, passion creativity, integrity, mentorship and the ability to motivate co-workers and influence peers.

The SAACI Fellowship Award for KwaZulu-Natal

This award recognises an industry professional that has made a significant impact in advancing the local meetings and events industry. Mala was recognised for the special and positive contribution which she has made to the development of the conference industry in KwaZulu-Natal.

17. GIVING BACK TO THE COMMUNITY

In addition to the economic impact which it has on the city and the province, the Durban ICC remains committed to giving back to its community in special projects throughout the year. We believe in not only supporting these projects financially, but also in providing opportunities for our staff members to give of their time and talents in a personal and meaningful way.

The following summary gives a brief synopsis of the Corporate Social Investment (CSI) Projects which the Durban ICC participated in this year:

17.1. Issy Geshen Home for the Aged in Lamontville

The first project was a Winter Warmer campaign in support of the Issy Geshen Home for the Aged in Lamontville. The project saw the Durban ICC donate 90 suitcases filled with winter supplies including a warm winter blanket, a hot water bottle, soup, chocolates and a coffee mug for each resident and staff member at the home.

In addition to the bags, the residents were also treated to delicious chocolate cupcakes baked by the Centre's culinary department. The Durban ICC team had the opportunity of serving and spending time with the residents and initiating a long standing relationship with its staff. The company has also committed to providing a large cake each month to celebrate the residents' birthdays throughout the year.

17.2. Nelson Mandela Day – Project Enza

The second CSI project was organized for Nelson Mandela Day. This international campaign is celebrated annually in honour of the late statesman's birthday on 18 July, and provides the opportunity to emulate Mandela's role as public servant.

This year's campaign challenged organisations and individuals to give 67 minutes – one minute for every year of Mandela's public service – to help change the world for the better. The Durban ICC commemorated the day by enriching young minds interested in pursuing a career in the Tourism and Hospitality Sector.

Staff at the Durban ICC devoted their sixty-seven minutes to invest in a group of grade 11 and 12 learners from Mcothoyi High School in Umgababa. The pupils had the opportunity to visit the Durban ICC and spend time with the Centre's executive team and staff. The event allowed the pupils to gain insight and career advice from specialists in the industry and to help them understand the expectations and rewards of working in this demanding industry.

17.3. IBV Children's VIP Day

More than 2,500 children were treated to an exclusive VIP experience with some of their favourite South African heroes at the annual International Bank Vaults (IBV) Children's VIP Day, hosted in association with the Durban ICC.

An atmosphere of excitement and expectancy filled the halls of the Durban Exhibition Centre as high profile South African celebrities, sports personalities, CEOs and entertainers dedicated their time to pamper the youngsters from over 40 children's homes in the greater Durban area.

Heaps of fun, interactive and educational activities were set up to make the day an unforgettable experience. Activity zones, which included a volleyball court, a mammoth slide, a soccer field, mini jeeps, trains and pony rides, were arranged for the kids to enjoy. The children were also treated to an array of delicious refreshments, served by the celebrities and volunteers from the Durban ICC. The day culminated in a concert which featured performances by top South African artists such as Big Nuz, Tira, Professor and HHP amongst others.

17.4. Santa Shoebox Appeal

The Durban ICC and the Santa Shoebox Project made sure that no child at the Makabongwe Methodist Pre-School went without a gift during the past festive season. Staff and executive management from the Centre put their schedules on hold for a few hours to visit the Durban-based school to spread some festive cheer to more than a hundred underprivileged children in support of the Santa Shoebox Project.

The Santa Shoebox Project is an initiative that collects and distributes gifts to over 100,000 underprivileged children in orphanages, children's homes and care centres across South Africa and Namibia each year. Members of the public pledge to prepare a shoebox, which contains items such as a toothbrush, toothpaste, soap, washcloth, educational supplies, sweets, a toy and an outfit of clothing.

In preparation for the year-end festivities, the Durban ICC threw its weight behind the project this year as part of its on-going Corporate Social Investment projects. Members of the Durban ICC team got involved by donating boxes to the appeal and assisting with the distribution of the gifts at the pre-school. The company also supported the project by sponsoring a venue at the Durban Exhibition Centre as the central collection point for the Durban Central boxes.

17.5. Support of Enterprise Development

In support of their Enterprise Development aims, the Durban ICC showed its support by sponsoring a portion of the costs for the following events hosted at the Centre:

- Business Women's Association Dinner
- East Coast Radio Women's Day Breakfast

17.6. Donation to the Xenophobia Camp

Following an urgent appeal from the eThekwini Municipality, the Durban ICC answered the call to assist those in great need. A temporary camp was established by the City to shelter and assist those residents displaced by the spate of xenophobic attacks. As many of these residents were in desperate need of essential provisions, the Durban ICC responded by donating and distributing vital supplies.

The Durban ICC stands firmly against all intolerances such as racism and xenophobia. Our sympathy and condolences go out all those families who suffered injury and the loss of life and property and we are glad that we could assist in this small way by meeting these basic needs for the residents of the camp.

18. CARING FOR THE ENVIRONMENT

18.1. Ice Harvesting

The Durban ICC is committed to continuous improvement, not only in the quality of our events, but in all that we undertake to conserve resources, prevent waste and foster environmental sustainability for our community's daily quality of life, both now and for the generations to come.

Towards this end, the Centre utilises an Ice Harvesting System in order to provide a more sustainable and ecologically-friendly alternative to traditional air-conditioning systems. This system operates overnight to produce a bank of ice which is used to cool the building over the next few days. This system uses a fraction of the energy used by conventional cooling systems with none of the harmful chemicals.

The ice harvesting system at the Arena has been re-commissioned and enabled us to produce ice during off peak electrical times when the national grid is not under pressure and when cost-savings can be realised.

18.2. Energy and Water Consumption

A number of other utility saving projects have also been implement during the year, including decreasing the quantities of un-necessary lighting, ensuring that lights and air-conditioning units are switched off when they are not required, repairing all leaks quickly and replacing high wattage lights with LED lights.

These initiatives have resulted in significant reductions in both energy and water consumption across the entire complex.

In total:

Water consumption at the Durban Exhibition Centre decreased from 25592 KI in 2014 to 14121 KI for 2015, resulting in a 45% decrease in consumption.

Water consumption at the Durban ICC was reduced from 40314 KI in 2014 to 33105 KI in 2015, delivering an 18% decrease in consumption.

Water consumption at the Durban ICC Arena was cut from 16467 KI in 2014 to 13109 KI in 2015, showing a 20% decrease in consumption.

Electricity consumption at the DEC declined from 792 599 kWh in 2014 to 688 410 kWh in 2015, this is a 13% decrease in consumption.

Electricity consumption at the Durban ICC and Arena went from 9 435 232 kWh in 2014 to 8 974 240 in the 2015 financial year. This was a 5% decrease in total consumption for the year.

(Graphic: Show these as graphs/charts comparing year on year consumption and the resultant percentage decrease.)

In addition, the company also managed to shift the consumption from the Peak to Off-Peak periods which realised a 7% saving on Peak consumption, 6% saving on Standard consumption and 3% saving on Off-Peak consumption. Moving the consumption from Peak to Off Peak periods has provided significant financial savings for the company.

18.3. Waste Recycling

All refuse is sorted on the Durban ICC premises and paper, plastic, glass, cans and printer toners are all sent for recycling.

The Centre's waste-separation programme once-again produced excellent results. Over the last year, the company separated and sent 43% of its total waste for recycling. This equates to over 80 tonnes of waste being diverted from landfills and turned into useful products again.

19. THE ROAD AHEAD

Having joined "Team Durban ICC" this year, I consider it an honour and a privilege to take the reins of this iconic institution. The Durban ICC has proved a pivotal catalyst for the Durban and KwaZulu-Natal economy for the past 17 years. It has firmly established Durban on the global conferencing map and been the trailblazer for the business events industry in South Africa. The Centre has paved the way for other major cities in South Africa to follow our example in constructing convention centres of their own. As I contribute my own brand of leadership and strategic direction to this dynamic team, I am excited to serve my city and my province in this way and showcase our unique destination to the world.

What I have seen thus far has excited me and, at the same time, challenged me with the realities of contending in this highly competitive, global industry. Our ultimate success in the years ahead will be built upon diligent management, good governance, strong relationships and the continued development of our people.

In order to succeed going forward, we need to find new and creative ways to grow our revenue whilst prudently managing our costs. As we strive to achieve this, we cannot afford to compromise at all on customer service and the overall guest experience we provide.

We value highly the relationships we have with our existing clients and will continue to cultivate these, together with the new relationships we are building in previously untapped markets. Equally important are the relationships we continue to build with our strategic partners and stakeholders in the city and province. Those who work with me will confirm that I am passionate about teamwork and I firmly believe that collaboration and synergy are the keys to achieving the greatest results.

Finally, I sincerely believe that our success is inextricably linked to this company's greatest asset: its people. We are committed to nurturing and developing the talent of our existing team, and as we grow, we need to make every effort to attract the best candidates to take us to even greater heights going forward.

Looking ahead, we are excited about the prospect of hosting some amazing events in the future. We look forward to welcoming *The Loeries* back to Durban and are delighted that we will be their host city for the next three years. From an international perspective, we look forward to hosting the World Hospital Congress 2016 and the 21st International AIDS Conference, which is expected to bring together some 20,000 participants from around the world. We are also immensely proud that no less than eight sporting codes are to be hosted at the Durban ICC for the 2022 Commonwealth Games.

Overall, we are pleased with our progress and the milestones we've reached. For this year and beyond, we are committed to building on the accomplishments of 2015, whilst further integrating sustainability, transformation, and good governance into our business for its future success. I believe the best is yet to come.

Lindiwe Rakharebe Chief Executive Officer

20. SUMMARISED FINANCIALS

ICC Durban (Pty) Ltd. Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Position as at 30 June 2015

Figures in Rands	Note(s)	2015	2014
Assets			
Current Assets			
Inventories	2	1 021 543	652 839
Receivables from exchange transactions	3	8 906 489	9 018 163
Cash and cash equivalents	4	212 560 925	200 237 419
		222 488 957	209 908 421
Non-Current Assets			
Property, plant and equipment	5	209 365 257	188 071 527
Intangible assets	6	1 175 319	992 388
Deferred tax	7	1 052 047	4 027 169
		211 592 623	193 091 084
Total Assets		434 081 580	402 999 505
Liabilities			
Current Liabilities			
Loans from shareholders	8	226 589 660	226 589 660
Current tax payable	9	358 446	-
Payables from exchange transactions	10	21 793 469	19 336 695
VAT payable	11	257 008	1 131 752
Consumer deposits	12	18 988 471	21 376 323
		267 987 054	268 434 430
Total Liabilities		267 987 054	268 434 430
Net Assets		166 094 526	134 565 075
Share capital	13	1	1
Accumulated surplus		166 094 525	134 565 074
Total Net Assets		166 094 526	134 565 075

ICC Durban (Pty) Ltd.
Annual Financial Statements for the year ended 30 June 2015

STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rands	Note(s)	2015	2014
Revenue from exchange transactions	14	156 779 390	151 527 679
Cost of sales		(33 915 334)	(36 010 065)
Gross surplus		122 864 056	115 517 614
Other income	15	1 414 853	1 121 617
Operating expenses		(118 505 167)	(109 839 263)
Reversal of impairments on buildings		19 088 829	12 187 080
Operating surplus	16	24 862 571	18 987 048
Investment revenue	17	14 006 716	10 041 868
Finance costs	18	(30 932)	(556)
Surplus before taxation		38 838 355	29 028 360
Taxation	19	(7 308 905)	(5 186 928)
Surplus for the year		31 529 450	23 841 432
Attributable to:			
Owners of the controlling entity		31 529 450	23 841 432

Statement of Changes in Net Assets

Figures in Rands	Share capital	Accumulated surplus	Total net assets
Balance at 01 July 2013 Changes in net assets	1	110 723 642	110 723 643
Surplus for the year	-	23 841 432	23 841 432
Total changes	-	23 841 432	23 841 432
Balance at 01 July 2014 Changes in net assets	1	134 565 075	134 565 076
Surplus for the year	-	31 529 450	31 529 450
Total changes	-	31 529 450	31 529 450
Balance at 30 June 2015	1	166 094 525	166 094 526
Note(s)	13		

Plan 21 Plan Ow	ner: Musa Mbh	ele									
Index	KPI Name	Baseline as at 30 June 2014	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Steps Taken to Improve Performa nce
21.1	Economic Impact - Contribution to GDP calculated by independent research organisation compared to budgeted target (Note 2)	3.12	Rand Billions	2.8	2.9	2.8	4.6	Achieved		Delegate daily spend rates were previousl y understat ed	

	vner: Musa Mbh	_									
Index	KPI Name	Baseline as at 30 June 2014	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Steps Taken to Improve Performa nce
21.2	International delegate days- Number of international delegates days as calculated in independent economic impact assessment compared to budgeted target (Note 3)	New KPI- No Baseline	Days	400000	400000	400000	302875	Not Achieved- 24%Varian ce		Internatio nal Delegate days dropped due to the issues of Ebola and Xenopho bia which deterred foreign delegates from visting Durban	

Plan 21 :ICC Plan Owner: Musa Mbhele											
Index	KPI Name	Baseline as at 30 June 2014	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Steps Taken to Improve Performa nce
21.3	Jobs created- Number of direct and indirect jobs created compared to budgeted target (Note 5)	7773	Jobs	7300	7350	7300	10874	Achieved		This was due to an increase in the number of large scale events held	

Plan 21 Plan Ow	:ICC ner: Musa Mbh	nele									
Index	KPI Name	Baseline as at 30 June 2014	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Steps Taken to Improve Performa nce
21.4	Human Capital Developme nt-Achieve Training Days as per Training Plan Schedule	151	%	80%	100%	80	157.43	Achieved		Durban ICC provided additional internal training for teamwork and customer satisfacti on	

Plan 21	:ICC										
	ner: Musa Mbh	nele									
Index	KPI Name	Baseline as at 30 June 2014	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Steps Taken to Improve Performa nce
21.5	B-BBEE Level certification(Note 4)	4	Level No	4	3	4	2	Achieved	©	This was improved through supplier developm ent and encouraging more suppliers to improve their BEE Rating	
21.6	Graduate Programme- Total number of graduates engaged in financial year(Note 9)	13	Number	14	52	14	16	Achieved	©	All the Manager s were willing to accommo date more graduate	

Plan 21											
Plan Ow	ner: Musa Mbh	ele									
Index	KPI Name	Baseline as at 30 June 2014	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Steps Taken to Improve Performa nce
21.7	Student Programme- Total number of students engaged in financial year(Note 9)	11	Number	12	45	12	10	Not Achieved- 16.67% Variance	8	The recruitme nt of staff was placed on hold from Decembe r 2014 until	More aggressiv e drive in the current year to recruit students
										appointm ent of new CEO in April	

Plan 21											
Plan Ow	ner: Musa Mbh	nele									
Index	KPI Name	Baseline as at 30 June 2014	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Steps Taken to Improve Performa nce
										2015.	
21.8	Staff Performanc e- Percentage of staff performing at 3 and upwards	68	%	75	80	75	89%	Achieved	©	This was due to a stronger drive to improve staff morale and	

Plan 21 :ICC Plan Owner: Musa Mbhele											
Index	KPI Name	Baseline as at 30 June 2014	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Steps Taken to Improve Performa nce
	(Note 5)									performa nce.	
21.9	Revenue- Actual revenue generated (Note 6)	152.7	Rand Millions	155.80	155.80	155.80	157.8	Achieved	©	We have exceeded the target due to late booking requests at the end of the fiscal	

Plan 21 Plan Ow	ner: Musa Mbh	iele									
Index	KPI Name	Baseline as at 30 June 2014	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Steps Taken to Improve Performance
21.10	Operating Expenditure (cost control)- Actual operating expenditure (excl. cost of sales, rates & depreciation) as a percentage of Revenue (excl. recoverable s) (Note 8)	59	%	65	65	65	62.34	Achieved		This is more favourable than target due to tighter SCM processes and a strong culture of cost control	

Plan 21 Plan Ow	:ICC mer: Musa Mbh	nele									
Index	KPI Name	Baseline as at 30 June 2014	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Steps Taken to Improve Performa nce
21.11	Capital expenditure budget- Percentage of the capital expenditure budget that has been spent.	9.8	%	100	100	100	39.11	Not Achieved- 60.89%Var iance		This is due to delays in the tender process	A Procurem ent plan has been implemen ted to achieve this target
21.12	Unqualified Audit- Achieve Unqualified Audit from the AG	Yes	Yes/No	Yes	Yes	Yes	Yes		©		
21.13	Media Coverage- Rand value Rm of effective	26.8	Rand Millions	24	26	24	33		©	This is due to the number of high-	

Plan Ow	ner: Musa Mb	hele									
Index	KPI Name	Baseline as at 30 June 2014	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Steps Taken to Improve Performance
	media coverage achieved									profile events hosted during the period which resulted in greater media exposure for the Durban	

Plan 21 Plan Ow	ner: Musa Mbh	iele									
Index	KPI Name	Baseline as at 30 June 2014	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Steps Taken to Improve Performa nce
21.14	Service excellence- Weighted average percentage rating achieved for customer satisfaction	88.2	%	88	90	88	93.9			This was due to strong drive to all staff to improve customer service	
21.15	ISO 9001- ISO certification retained(Not e 10)	Yes	Yes/No	Yes	Yes	Yes	Yes		©		

Plan 21	:ICC										
	ner: Musa Mbh	ele									
Index	KPI Name	Baseline as at 30 June 2014	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Steps Taken to Improve Performa nce
21.16	TGCSA 5- Star Grading (Tourism Star Grading Maintained) (Note 10)	5	Number	5	5	5	5		©		
21.17	National delegate days- Number of national delegates days as calculated in independent economic impact assessment compared to	New KPI - No Baseline.	Days	600000	620000	600000	1183611	Achieved		This was due to an increase in concerts and exhibition s which attract larger footfall	

Plan 21 : Plan Ow	ICC ner: Musa Mbh	nele									
Index	KPI Name	Baseline as at 30 June 2014	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Steps Taken to Improve Performance
	budgeted target (Note 4)										

Plan 21 Plan Ow	ner: Musa Mbh	nele									
Index	KPI Name	Baseline as at 30 June 2014	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Steps Taken to Improve Performa nce
21.18	B-BBEE Procuremen t- Procuremen t from Level 1 - 5 suppliers / service providers	New KPI - No Baseline.	%	75	75	75	86			We have embarke d on a new drive of procurem ent from BEE suppliers and developm ent of SMME suppliers	

Plan 21											
Plan Ow	ner: Musa Mbh	nele									
Index	KPI Name	Baseline as at 30 June 2014	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Steps Taken to Improve Performa nce
21.19	Employment equity-% of Top Managemen t & Senior Managemen t Black:%	- No Baseline.	%	60	60	60	71.42			This is due to the appointm ent of the new CEO, a black female and appointm ent of new HR Manager, a black male at top manage ment level	
21.20	Employment	New KPI	%	50	50	50	57.14		©	This is	

Plan 21 Plan Ow	:ICC /ner: Musa Mbh	ele									
Index	KPI Name	Baseline as at 30 June 2014	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Steps Taken to Improve Performa nce
	equity-% of Top Managemen t & Senior Managemen t Female:%	- No Baseline.								due to the appointm ent of the new CEO, a black female at top manage ment level	

Plan 21 Plan Ow	:ICC ner: Musa Mbh	ele									
Index	KPI Name	Baseline as at 30 June 2014	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Steps Taken to Improve Performa nce
21.21	Employment equity-% of Total Staff Compliment Disabled: %	New KPI - No Baseline.	%	2	2	2	0	Not Achieved- 100%Varia nce	8	We have difficulty in recruiting disabled persons as this is not a normal process and only few positions can be performe d by disabled employee s.	We have positions earmarke d for disabled employee s, we have engaged with certain disability institution s to assist us in this regard

Plan 21 Plan Ow	ner: Musa Mbh	nele									
Index	KPI Name	Baseline as at 30 June 2014	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Steps Taken to Improve Performa nce
21.22	Gross Margin - Gross margin as a percentage of revenue (Note 6)	New KPI - No Baseline.	%	70	70	70	72		©	This was due to tighter cost control	
21.23	Utility Consumptio n-Reduction in percentage usage of electricity	New KPI - No Baseline.	%	5	1	5	5		©		

Plan 21 Plan Ow	ner: Musa Mbh	nele									
Index	KPI Name	Baseline as at 30 June 2014	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Steps Taken to Improve Performance
21.24	Occupancy- Total net m² sold against total net m² available within main halls and meeting rooms across the complex (Note 7)	New KPI - No Baseline.	%	50	55	50	43.2	Not Achieved- 13.6% variance		This is a new measure introduce d in January 2015 thus we are working towards the 50% mark	New packages have been introduce d on under utilised venues and strategy plans are in progress for the Durban Exhibition Centre

	ner: Musa Mbh										
Index	KPI Name	Baseline as at 30 June 2014	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Steps Taken to Improve Performance
21.25	Risk Managemen t-Risk managemen t and mitigation. % Tasks completed on due date as listed on the Task Risk Register(No te 1)	New KPI - No Baseline.	%	100	100	100	63	Not achieved- 37% variance	8	Some of the risk action items were beyond our control which included the MOI, sharehold ers compact and grant funding from the City	

Plan 21	:ICC ner: Musa Mbh	iele									
Index	KPI Name	Baseline as at 30 June 2014	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Steps Taken to Improve Performa nce
21.26	Planned Maintenanc e-Complete tasks as per the annual maintenanc e plan	New KPI - No Baseline.	%	100	100	100	100		©		
21.27	ISO 14001- ISO certification retained(Not e 10)	New KPI - No Baseline.	Yes/No	Yes	Yes	Yes	Yes		©		
21.28	ISO 22000- ISO certification retained(Not e 10)	New KPI - No Baseline.	Yes/No	Yes	Yes	Yes	Yes		©		

Plan 21 Plan Ow	:ICC mer: Musa Mbh	ele									
Index	KPI Name	Baseline as at 30 June 2014	Unit Of Measure	Annual Target as at 2014/2015	5 Year Target as at 2016/2017	Quarter 4 Target as at 30 June 2014/2015	Quarter 4 Actual as at 30 June 2014/2015	Achieved within 5% tolerance	Indicat or	Reason For Variance	Steps Taken to Improve Performa nce
21.29	HACCP-ISO certification retained(Not e 10)	- No	Yes/No	Yes	Yes	Yes	Yes		☺		
21.30	AIPC Certification -AIPC Gold Quality Status (Note 10)	New KPI - No Baseline.	Yes/No	Yes	Yes	Yes	Yes		©		



ICC DURBAN (PTY) LTD. (REGISTRATION NUMBER 1992/005887/07) ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

GENERAL INFORMATION

LEGAL FORM OF ENTITY Municipal Entity

THE FOLLOWING IS INCLUDED IN THE SCOPE OF

OPERATION

Convention and Exhibition Centre

ACCOUNTING OFFICER Lindiwe Rakharebe (appointed 01 April 2015)

Nicolette Elia-Beissel (acting 06 July 2014 - 31 March 2015)

Julie-May Ellingson (resigned 05 July 2014)

Melanie Rambally **CHIEF FINANCE OFFICER (CFO)**

DIRECTORS D.T. Madlala (Chairperson)

S.S. Ngcobo

J.P.F. van Rooyen (resigned 10 December 2014)

A. Sewnarain Z.P. Msimang M.S. Msomi

REGISTERED OFFICE 45 Bram Fischer Road

> Durban 4001

POSTAL ADDRESS PO Box 155

> Durban 4001

Standard Bank of South Africa Limited; FirstRand Bank Limited; **BANKERS**

Nedbank Limited; Grindrod Bank Limited; ABSA Bank Limited;

Investec Bank Limited

AUDITORS The Auditor-General of South Africa

COMPANY REGISTRATION NUMBER 1992/005887/07

INDEX

The reports and statements set out below comprise the annual financial statements presented to the eThekwini Municipality Council:

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Directors' Responsibilities and Approval	4
Directors' Report	5 - 6
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Statement of Financial Performance	8
Statement of Changes in Net Assets	9
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Abbreviations

GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
IAS	International Accounting Standards
ME's	Municipal Entities
MFMA	Municipal Finance Management Act

Accounting Officer's Responsibility and Approval

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

I am responsible for the preparation of these annual financial statements, set out on pages 4 to 47, in terms of section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the ICC Durban (Pty) Ltd on 31 August 2015:

L.E. Rakharebe **Accounting Officer**

Durban

31 August 2015

Directors' Responsibilities and Approval

The directors are required by the Municipal Finance Management Act (Act 56 of 2003) and the Companies Act (Act 71 of 2008), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the directors to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and places considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The external auditors are responsible for independently auditing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their audit report is presented in section 2 of the annual report.

The annual financial statements set out on pages 5 to 47, which have been prepared on the going concern basis, were approved by the directors on 31 August 2015 and were signed on its behalf by:

D.T. Madlala Chairperson Madale

Durban

31 August 2015

Annual Financial Statements for the year ended 30 June 2015

Directors' Report

The directors submit their report for the year ended 30 June 2015.

1. Incorporation

The entity was incorporated on 09 October 1992 and obtained its certificate to commence business on the same day.

2. Review of activities

Main business and operations

The entity is engaged in conference centre management and operates in South Africa. The company is defined as a municipal entity and is 100% owned and controlled by the eThekwini Municipality. In terms of an agreement, the company has agreed to manage the International Convention Centre and Durban Exhibition Centre and related amenities and ancillary buildings for the eThekwini Municipality.

During the year there were no major changes in the activities of the business.

The operating results for the year were pleasing as the entity achieved a surplus and postive cash flows were generated. The financial position of the entity is positive as its assets exceed its liabilities.

Net surplus of the entity was R 31 529 450 (2014: surplus R 23 841 432), after taxation of R 7 308 905 (2014: R 5 186 928).

3. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. Refer to note 29 for disclosure of a resolution of the eThekwini Municipality Council dated 24 June 2015.

4. Subsequent events

The directors are not aware of any matter or circumstance arising since the end of the financial year that would impact on the financial statements presented.

5. Directors' interest in contracts

The directors of the entity did not have any declared interest in contracts entered into by the entity, with the exception of Z.P. Msimang.

Z.P. Msimang brings events to the entity through her close corporation Ikhono Communications CC, of which she is the sole member. The amount invoiced to Ikhono Communications CC for the 2015 year was R 519 789 (2014: R 1 178 612). Commission paid to Ikhono Communications CC for services rendered in the 2015 year was R Nil (2014: R 40 028)

6. Share capital

There were no changes in the authorised or issued share capital of the entity during the year under review.

7. Directors

The directors of the entity during the year and to the date of this report are as follows:

Name	Nationality	Appointment and Resignation dates
D.T. Madlala (Chairperson)	South African	Appointed 25 January 2005
S.S. Ngcobo	South African	Appointed 25 January 2005
J.P.F. van Rooyen	South African	Appointed 25 January 2005 and resigned
		10 December 2014
A. Sewnarain	South African	Appointed 25 January 2005
Z.P. Msimang	South African	Appointed 01 August 2013
M.S. Msomi	South African	Appointed 01 August 2013

Annual Financial Statements for the year ended 30 June 2015

Directors' Report

8. Secretary

The entity had no formally appointed secretary during the year. This function was however performed by the Accounting Officer and Chief Finance Officer.

9. Corporate governance

General

The directors are committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the directors support the highest standards of corporate governance and the ongoing development of best practice.

The entity confirms and acknowledges its responsibility to compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King III Report on Corporate Governance for South Africa September 2009. The directors discuss the responsibilities of management in this respect, at Board meetings and monitor the entity's compliance with the code on a quarterly basis.

The salient features of the entity's adoption of the Code are outlined below:

Board of directors

The Board:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- is of a unitary structure comprising:
 - non-executive directors, all of whom are independent directors, except one [refer to note 5 above];
- has established a Board directorship continuity programme.

Chairperson and Chief Executive

The Chairperson is a non-executive and independent director (as defined by the Code).

The roles of Chairperson and Chief Executive are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Executive meetings

The directors have met on 5 separate occasions during the financial year. The directors schedule to meet at least 4 times per annum.

Non-executive directors have access to all members of management of the entity.

For details of meeting attendance per director, refer to note 23.

10. Controlling entity

The entity is 100% owned and controlled by eThekwini Municipality.

11. Auditors

The Auditor-General of South Africa is the auditor of the entity.

Statement of Financial Position as at 30 June 2015

Figures in Rands	Note(s)	2015	2014
Assets			
Current Assets			
Inventories	2	1 021 543	652 839
Receivables from exchange transactions	3	8 906 489	9 018 163
Cash and cash equivalents	4	212 560 925	200 237 419
		222 488 957	209 908 421
Non-Current Assets			
Property, plant and equipment	5	209 365 257	188 071 527
Intangible assets	6	1 175 319	992 388
Deferred tax	7	1 052 047	4 027 169
	•	211 592 623	193 091 084
Total Assets		434 081 580	402 999 505
Liabilities			
Current Liabilities			
Loans from shareholders	8	226 589 660	226 589 660
Current tax payable	9	358 446	-
Payables from exchange transactions	10	21 793 469	19 336 695
VAT payable	11	257 008	1 131 752
Consumer deposits	12	18 988 471	21 376 323
	•	267 987 054	268 434 430
Total Liabilities	•	267 987 054	268 434 430
Net Assets	'	166 094 526	134 565 075
Share capital	13	1	1
Accumulated surplus		166 094 525	134 565 074
Total Net Assets		166 094 526	134 565 075

STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rands	Note(s)	2015	2014
Revenue from exchange transactions	14	156 779 390	151 527 679
Cost of sales		(33 915 334)	(36 010 065)
Gross surplus		122 864 056	115 517 614
Other income	15	1 414 853	1 121 617
Operating expenses		(118 505 167)	(109 839 263)
Reversal of impairments on buildings		19 088 829	12 187 080
Operating surplus	16	24 862 571	18 987 048
Investment revenue	17	14 006 716	10 041 868
Finance costs	18	(30 932)	(556)
Surplus before taxation		38 838 355	29 028 360
Taxation	19	(7 308 905)	(5 186 928)
Surplus for the year		31 529 450	23 841 432
Attributable to:			
Owners of the controlling entity		31 529 450	23 841 432

Statement of Changes in Net Assets

Figures in Rands	Share capital	Accumulated surplus	Total net assets
Balance at 01 July 2013 Changes in net assets	1	110 723 642	110 723 643
Surplus for the year	-	23 841 432	23 841 432
Total changes	-	23 841 432	23 841 432
Balance at 01 July 2014 Changes in net assets	1	134 565 075	134 565 076
Surplus for the year	-	31 529 450	31 529 450
Total changes		31 529 450	31 529 450
Balance at 30 June 2015	1	166 094 525	166 094 526
Note(s)	13		

Cash Flow Statement

Figures in Rands	Note(s)	2015	2014
Cash flows from operating activities			
Receipts			
Sale of goods, services and customer deposits		158 305 836	148 546 792
Payments			
Employee costs	23	(52 869 854)	(46 157 868)
Suppliers		(84 139 795)	(76 539 587)
Taxes on surpluses		(3 975 337)	-
		(140 984 986)	(122 697 455)
Net cash flows from operating activities	20	17 320 850	25 849 337
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(17 981 508)	(8 912 422)
Proceeds from sale of property, plant and equipment	5	497	83 100
Purchase of other intangible assets	6	(992 117)	(875 324)
Interest Income		14 006 716	10 041 868
Net cash flows from investing activities		(4 966 412)	337 222
Cash flows from financing activities			
Finance costs		(30 932)	(556)
Net increase in cash and cash equivalents		12 323 506	26 186 003
Cash and cash equivalents at the beginning of the year		200 237 419	174 051 416
Cash and cash equivalents at the end of the year	4	212 560 925	200 237 419

Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis		Reference
Figures in Rands				Dasis	actual	
Revenue						
Revenue from exchange transactions						
Revenue	153 828 000	1 004 885	154 832 885	156 779 390	1 946 505	
Other income	2 025 000	(901 885)	1 123 115	1 414 853	291 738	1
Reversal of impairments (buildings)	-	-	-	19 088 829	19 088 829	2
Interest received - investment	6 500 000	5 396 543	11 896 543	14 006 716	2 110 173	3
Total income	162 353 000	5 499 543	167 852 543	191 289 788	23 437 245	
Expenditure						
Cost of sales	(34 299 000)	(2 020 580)	(36 319 580)	(33 915 334)	2 404 246	
Operating expenses	(126 545 000)	6 403 304	(120 141 696)	(118 505 167)	1 636 529	
Finance costs	-	-	-	(30 932)	(30 932)	
Total expenditure	(160 844 000)	4 382 724	(156 461 276)	(152 451 433)	4 009 843	
Surplus before taxation	1 509 000	9 882 267	11 391 267	38 838 355	27 447 088	
Taxation	-	-	-	(7 308 905)	(7 308 905)	4
Surplus for the year	1 509 000	9 882 267	11 391 267	31 529 450	20 138 183	

Comments on variances between actual and final budget greater than 10%:

- **1 Other income** There is a favourable variance of 26% between budget and actual. This variance arose due to the decrease in provision for doubtful debts. Movements in the provision for doubtful debts are not budgeted for.
- **2- Reversal of impairments (buildings)** There is a favourable variance of 100% between budget and actual. This variance arose because the entity does not budget for impairment reversals, as this can only be established at the end of the financial year after a professional valuation of the buildings.
- **3 Interest received** There is a favourable variance of 18% between budget and actual. This variance arose because the entity incurred less capital expenditure than was budgeted for, resulting in additional funds being available for investment.
- 4 Taxation There is an unfavourable variance of 100% between budget and actual. This variance arose because the entity does not budget for taxation.

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

Entities are required to apply the Standards of GRAP where the Minister has determined the effective date. The Minister has determined the effective date for the following Standards of GRAP:

GRAP 1 Presentation of Financial Statements

GRAP 2 Cash Flow Statements

GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors

GRAP 4 The Effects of Changes in Foreign Exchange Rates

GRAP 9 Revenue from Exchange Transactions

GRAP 12 Inventories

GRAP 13 Leases

GRAP 14 Events After the Reporting Date

GRAP 16 Investment Property

GRAP 17 Property Plant and Equipment

GRAP 19 Provisions, Contingent Liabilities and Contingent Assets

GRAP 21 Impairment of Non-cash-generating Assets

GRAP 23 Revenue from Non-exchange Transactions

GRAP 25 Employee Benefits

GRAP 26 Impairment of Cash-Generating Assets

GRAP 100 Non-Current Assets Held for Sale and Discontinued Operations

GRAP 102 Intangible Assets

GRAP 104 Financial Instruments

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

Directives issued and effective:

Directive 1 Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP

Directive 2 Transitional Provisions for the Adoption of Standards of GRAP by Public Entities, Municipal Entities and Constitutional Institutions

Directive 5 Determining the GRAP reporting framework

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

Directive 7 The Application of Deemed Cost on the Adoption of Standards of GRAP

Interpretations of the Standards of GRAP

IGRAP 1 Applying the Probability Test on Initial Recognition of Exchange Revenue

IGRAP 2 Changes in Existing Decommissioning, Restoration and Similar Liabilities

IGRAP 3 Determining whether an Arrangement contains a Lease

IGRAP 4 Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

IGRAP 5 Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies

IGRAP 6 Loyalty Programmes

IGRAP 7 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IGRAP 8 Agreements for the Construction of Assets from Exchange Transactions

IGRAP 9 Distributions of Non-cash Assets to Owners

IGRAP 10 Assets Received from Customers

IGRAP 13 Operating Leases - Incentives

IGRAP 14 Evaluating the Substance of Transactions Involving the Legal Form of a Lease

IGRAP 15 Revenue - Barter Transactions Involving Advertising Services

Effective IFRS's and IFRIC's that are applied considering the provisions in paragraphs .20 to .26 of the Directive:

IFRS 4 (AC 141) Insurance Contracts

IAS 12 (AC 102) Income Taxes

SIC - 25 (AC 425) Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

SIC 29 (AC 429) Service Concession Arrangements - Disclosures

IFRIC 12 (AC 445) Service Concession Arrangements

Standards of GRAP that an entity may use to disclose information in its financial statements:

GRAP 20 Related Party Disclosures

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Standards, amendments to standards and interpretations issued but not yet effective

The standards listed below have an effective date of 04 April 2015 and will therefore only come into effect in the next financial year.

GRAP 18: Segment Reporting - issued March 2005:

Compliance with this standard would have had an effect on the presentation only. Financial information would have been reported by segments. The disclosure of this information will assist users of the financial statements to better understand the entity's past performance, and to identify the resources allocated to support the major activities of the entity.

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.1 Standards, amendments to standards and interpretations issued but not yet effective (continued)

GRAP 20: Related Party Disclosures - issued June 2011:

Compliance with this standard would have had an effect on the presentation only. Related party transactions have been disclosed in accordance with IPSAS 20.

GRAP 32: Service Concession Arrangements: Grantor - issued August 2013:

Compliance with this standard will not have an impact on the current financial information, as no transactions relating to service concession arrangements exists in the current year.

GRAP 105: Transfer of functions between entities under common control - issued November 2010:

Compliance with this standard will not have an impact on the current financial information, as no transactions relating to the transfer of functions between entities under common control exists in the current year.

GRAP 106: Transfer of functions between entities not under common control - issued November 2010:

Compliance with this standard will not have an impact on the current financial information, as no transactions relating to the transfer of functions between entities not under common control exists in the current year.

GRAP 107: Mergers - issued November 2010:

Compliance with this standard will not have an impact on the current financial information, as no transactions relating to mergers exist in the current year.

GRAP 108: Statutory Receivables - issued September 2013:

Compliance with this standard would have had an effect on presentation and disclosure only. GRAP 108 requires separate disclosure of statutory receivables, together with additional disclosure on measurement basis and impairment criteria.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The entity assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. Impairment is provided after assessing the recoverability of each debt individually.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in the notes.

Effective interest rate

The effective interest rate is computed based on the risk free rate plus any premium based on the entity risk and industry risk.

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses or reversals.

The land and buildings of ICC Durban (Pty) Ltd is legally owned by its parent municipality, i.e. eThekwini Municipality. The usufruct of the building has been granted by the parent municipality, i.e. eThekwini Municipality to ICC Durban (Pty) Ltd, such that it can achieve its main objective of creating an economic impact for the city, province and country.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

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1.3 Property, plant and equipment (continued)

Item	Depreciation method	Average useful life
Buildings	Straight line	30 years
Plant and equipment	Straight line	4 years
Furniture and fittings	Straight line	6 years
Motor vehicles	Straight line	5 years
Computer equipment	Straight line	3 years
Operating equipment	Straight line	2 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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Accounting Policies

1.4 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the
 asset
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

ItemAmortisation methodUseful lifeComputer softwareStraight line3 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

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Accounting Policies

1.5 Financial instruments (continued)

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types
 of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- · deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.5 Financial instruments (continued)

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives:
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class Category

Receivables from exchange transactions
Cash and cash equivalents

Financial asset measured at amortised cost Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class Category

Loan from shareholder Financial liability measured at amortised cost Payables from exchange transactions Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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Accounting Policies

1.5 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- · Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

Derecognition

Financial assets

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

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Accounting Policies

1.6 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable surplus will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to net assets; or
- a business combination.

Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

1.8 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- · distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.8 Inventories (continued)

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Impairment of cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

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1.9 Impairment of cash-generating assets (continued)

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the
 asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a
 reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the entity expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.10 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

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Accounting Policies

1.10 Impairment of non-cash-generating assets (continued)

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

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Accounting Policies

1.10 Impairment of non-cash-generating assets (continued)

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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1.10 Impairment of non-cash-generating assets (continued)

Reversal of an impairment loss

The entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.11 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.13 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.13 Provisions and contingencies (continued)

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that
 plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.13 Provisions and contingencies (continued)

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets;
 and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.14 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor
 effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
 and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.14 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
 and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the entity's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

Rental income

Rental income is recognised as revenue when

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

1.15 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.16 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.17 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.18 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA, in relation to a municipality or municipal entity, means:

- (a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which had not been condoned in terms of section 170;
- (b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of this Act;
- (c) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998, (Act 20 of 1998);
- (d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law;
- (e) but excludes expenditure by a municipality which falls within the definition of unauthorised expenditure.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.19 Budget information

Entity is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/07/2014 to 30/06/2015.

Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.19 Budget information (continued)

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period has been included in Statement of comparison of budget and actual amounts.

1.20 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

Notes to the Annual Financial Statements

Fig	ures in Rands	2015	2014
2.	Inventories		
	Food and Beverage	1 056 593	709 324
	-	1 056 593	700 321
	Provision for stock obsolescence	(35 050)	(56 485
	_	1 021 543	652 839
	Inventory pledged as security		
	There were no inventories pledged as security.		
	There were no inventories pieugeu as security.		
3.	Receivables from exchange transactions		
	Gross trade receivables	3 576 677	1 290 835
	Provision for doubtful debts	(657 302)	(883 360)
	Net trade receivables	2 919 375	407 475
	Staff loans	21 500	32 000
	Credit card deposits	11 007	5 228
	Trade exchange asset	63 981	-
	Prepaid expenses	794 035	-
	Related party assets Accrued income	4 043 494	8 573 460
	Accided income	1 053 097 8 906 489	9 018 163
	Net trade receivables as reflected above is made up as follows:		
	Government Sector	2 469 927	150 543
	Corporate Service Prevident (Suppliers	258 189	213 010
	Service Providers/Suppliers	191 259 2 919 375	43 922 407 475
	- Trade and other receivables past due but not impaired		
	Trade and other receivables past due but not impaned		
	Trade and other receivables which are past due but are assessed to be recoverable are not 30 June 2015, R 2 279 856 (2014: R 172 435) were past due but not impaired.	considered to be	impaired. A
	The ageing of amounts past due but not impaired is as follows:		
	1 month past due	23 256	128 544
	2 months past due	2 026 802	18 443
	3 months past due	-	25 448
	4 months and over past due	229 798	
		2 279 856	172 435

Notes to the Annual Financial Statements

Fig	ures in Rands	2015	2014
3.	Receivables from exchange transactions (continued)		
	Trade and other receivables impaired		
	Reconciliation of provision for doubtful debts Opening balance Bad debts written off Adjustment for the period	883 360 (9 873) (216 185)	2 127 158 (1 622 873) 379 075
		657 302	883 360
	As of 30 June 2015, trade and other receivables of R 657 302 (2014: R 883 360) we	ere impaired and provide	d for.
	The ageing of these debts is as follows:		
	1 to 3 months	70 480	822 710

Cash and cash equivalents

3 to 6 months

Over 6 months

Cash and cash equivalents consist of:

Current accounts Short-term deposits	6 425 696 206 111 709	
Total bank balances Cash on hand	212 537 405 23 520	200 210 130 27 289
	212 560 925	200 237 419

60 650

883 360

586 822 657 302

The effective interest rate on short-term deposits was 6.7% (2014: 5.2%); these deposits have an average maturity of 191 days.

The guarantees that are held by the bank in respect of deposits for eThekwini Municipality charges amount to R 548 611 (2014: R 548 611).

Notes to the Annual Financial Statements

Figures in Rands

Cash and cash equivalents (continued)

The bank balances and short term deposits as shown above, comprise the following bank accounts:

Account number / description	Bank stateme	ent balances	Cash book balances		
·	30 June 2015	30 June 2014	30 June 2015	30 June 2014	
Standard Bank - current account - 50226959 (payroll)	1 200 647	1 466 803	1 344 384	1 466 803	
First National Bank - current account - 50881201632	2 284 476	2 219 098	2 284 476	2 219 098	
Standard Bank - current account - 50138162 (deposits)	2 105 919	199 713	2 271 297	199 713	
Standard Bank - current account - 50138197 (payments)	675 636	1 384 997	525 539	1 384 997	
ABSA Bank Ltd - 1 year fixed deposit - 50142232	45 617 792	-	45 617 792	-	
ABSA Bank Ltd - 1 year fixed deposit - 38020563	-	42 575 753	-	42 575 753	
Investec Bank Ltd - 1 year fixed deposit - 1100-169966-456	29 891 714	27 890 484	29 891 714	27 890 484	
Nedbank Ltd - 1 year fixed deposit - 03/7881023341/000011	30 346 443	-	30 346 443	-	
First National Bank - 1 year fixed deposit - 71499758980	28 924 123	-	28 924 123	-	
Investec Bank Ltd - 1 year fixed deposit - 1100-169966-457	15 408 431	-	15 408 431	-	
Standard Bank - 1 year fixed deposit - 82398-486279	15 402 719	-	15 402 719	-	
Grindrod Bank Ltd - 1 year fixed deposit - 176203	15 042 000	-	15 042 000	-	
Nedbank Limited - 1 year fixed deposit - 03/7881023341/000012	20 004 219	-	20 004 219	-	
Grindrod Bank Ltd - call deposit - 11000062669	7 887	-	7 887	-	
ABSA Bank Ltd - 1 day call account - 9148806852	50 448	-	50 448	-	
Standard Bank - 1 day call account - 82398-332845	5 415 933	45 940 703	5 415 933	45 940 703	
Nedbank Ltd - 6 month fixed deposit - 03/7881023341/007	-	28 332 579	-	28 332 579	
Grindrod Bank Ltd - 1 year fixed deposit - 175189	-	50 200 000	-	50 200 000	
Total	212 378 387	200 210 130	212 537 405	200 210 130	

Notes to the Annual Financial Statements

Figures in Rands

5. Property, plant and equipment

	2015			2014		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	839 293 444	(652 750 514)	186 542 930	838 232 169	(665 507 935)	172 724 234
Plant and machinery	46 631 405	(29 361 649)	17 269 756	34 743 105	(24 016 082)	10 727 023
Furniture and fixtures	16 466 461	(13 813 901)	2 652 560	14 724 245	(12 971 551)	1 752 694
Motor vehicles	134 193	(134 191)	2	134 193	(134 193)	-
Computer equipment	7 673 669	(5 282 468)	2 391 201	5 947 224	(4 085 447)	1 861 777
Operating equipment	6 879 465	(6 370 657)	508 808	6 654 255	(5 648 456)	1 005 799
Total	917 078 637	(707 713 380)	209 365 257	900 435 191	(712 363 664)	188 071 527

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Transfers	Change in useful life estimate	Depreciation	Impairment reversal	Total
Buildings	172 724 234	1 061 261	-	-	14	(6 331 408)	19 088 829	186 542 930
Plant and equipment	10 727 023	13 247 619	(76)	(17)	3 301	(6 708 094)	-	17 269 756
Furniture and fittings	1 752 694	1 820 386	(334)	5	1 704	(921 895)	-	2 652 560
Motor vehicles	-	-	· -	-	2	-	-	2
Computer equipment	1 861 777	1 642 186	(7)	4	422	(1 113 181)	-	2 391 201
Operating equipment	1 005 799	210 056	-	6	813	(707 866)	-	508 808
	188 071 527	17 981 508	(417)	(2)	6 256	(15 782 444)	19 088 829	209 365 257

Notes to the Annual Financial Statements

Figures in Rands

5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Depreciation	Impairment reversal	Total
Buildings	167 632 000	298 330	-	(7 393 176)	12 187 080	172 724 234
Plant and equipment	9 732 695	5 464 030	(10 188)	(4 459 514)	-	10 727 023
Furniture and fttings	2 708 490	596 397	-	(1 552 193)	-	1 752 694
Computer equipment	1 529 453	1 223 510	-	(891 186)	-	1 861 777
Operating equipment	405 782	1 330 155	-	(730 138)	-	1 005 799
	182 008 420	8 912 422	(10 188)	(15 026 207)	12 187 080	188 071 527

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rands	2015	2014

5. Property, plant and equipment (continued)

Details

Building

The building has been recognized above in accordance with the usufruct, as per note 1.3, at its carrying value.

Other details

There was no property, plant and equipment pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the entity. Assets with a total net book value of R 417 (2014: R 10 188) were disposed of for R 497 (2014: R 83 100).

Transfers

There have been transfers between the classes of Property, plant and equipment, and between Property, plant and equipment and Intangible assets.

Change in useful life estimate

A change in estimate has arisen from the annual review of useful lives, in accordance with the accounting policy - refer note 1.3.

Impairment consideration

In line with our accounting policy for Property Plant and Equipment for the impairment of assets, non-current assets were assessed during the period for possible indicators of impairment. During the review management has confirmed the following:

Buildings

- (a) The main purpose of establishing the centre was to generate spin-off returns for the region.
- (b) Due to the restrictions imposed on the use of the facility and site, no active market exists within which the value of the centre can be determined through an arm's length transaction between a willing buyer and a willing seller, and as such the value in use of the centre has been used to determine whether the building's carrying value may not be recoverable.
- (c) Since inception, all initial targets for the region (spin-offs) and the operation of the convention centre have consistently been exceeded and its main focus is to maintain this level of performance for the foreseeable future.
- (d) Despite this, the value in use of the centre can only be attributed to the present value of the future cash flows generated within the centre itself, and excludes any value which it generates for other entities or business sectors.
- (e) A discount rate of 13.05% (2014: 13.05%) was used which was calculated using the risk-free rate R207 bond rate of 7.80% (2014: 7.80%) adjusted by 5.25% (2014: 5.25%) for uncertainty regarding timing and extent of certain of the cash flows. Based on this valuation method, the value of R 186 542 930 was established for the buildings at the year end. This valuation has resulted in an impairment reversal of R 19 088 829 (2014: R 12 187 080). The total carrying value of the buildings at the year end was therefore R 186 542 930. Buildings are legally owned by eThekwini Municipality, but in accordance with GRAP 16, GRAP 17 and the priniciple of accounting for the economic substance of a transaction, over its legal form, the buildings have been capitalised as assets of the entity.

Proceeds from the disposal of assets as reflected on the Cash Flow Statement

Profit on disposal of assets
Net book value of assets disposed

83 100
10 188
72 912

Notes to the Annual Financial Statements

Figures in Rands	2015	2014

Intangible assets

•	2015			2014			
•	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value	
Computer software	5 732 108	(4 556 789)	1 175 319	4 612 240	(3 619 852)	992 388	
Reconciliation of intangible	e assets - 2015	i					
	Opening balance	Additions	Transfers	Change in useful life estimate	Amortisation	Total	
Computer software	992 388	992 117	2	60	(809 248)	1 175 319	
•							

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Amortisation	Total
Computer software	653 563	875 324	(536 499)	992 388

Pledged as security

There were no intangible assets pledged as security:

Transfers

There have been transfers between Intangible assets and Property, plant and equipment.

Change in useful life estimate

A change in estimate has arisen from the annual review of useful lives, in accordance with the accounting policy - refer note 1.4.

7. **Deferred tax**

Deferred tax asset

Closing balance	1 052 047	4 027 169
Reconciliation of deferred tax asset		
At beginning of year Decrease in tax loss available for set off against future taxable income Taxable / (deductible) temporary difference movement on balance sheet items	4 027 169 (2 334 012) (641 110)	9 214 096 (6 973 054) 1 786 127
	1 052 047	4 027 169

Recognition of deferred tax asset

The entity has been earning net profits in the last few years, and there is no evidence to suggest that the entity will start incurring losses. The tax loss carried forward is R 0 (2014: R 8 335 757).

Notes to the Annual Financial Statements

Figures in Rands	,	2015	2014
8. Loan from shareholder			
eThekwini Municipality		(226 589 660)	(226 589 660
e merwini wunicipality	-	(220 309 000)	(220 309 000
This loan is unsecured, interest free and has no fixed date of repayment of the loan since cash and cash equivalents of the entity have been all maintains an acceptable standard within the world conferencing environment.	located to capital e		
9. Current tax payable			
Current tax owing to SARS	-	358 446	-
Reconciliation of current tax payable			
Income tax for the year		4 333 783 (3 975 337)	-
Provisional payments during the year	-	358 446	-
	-	330 440	
10. Payables from exchange transactions			
Trade payables		11 007 216	8 491 139
Income received in advance		141 966	-
Leave pay provision Bonus provision		1 779 758 1 926 889	1 423 273 987 460
Other accrued expenses		5 169 391	4 469 341
Related party liabilities		1 768 249	3 965 482
' '	-	21 793 469	19 336 695
	-		
Related party liabilities are made up of:		1 663 260	1 165 140
eThekwini Municipality - trade payables eThekwini Municipality - Convention Bureau		104 989	1 165 149 104 989
eThekwini Municipality - Convention Buleau eThekwini Municipality - sponsorship received in advance		104 909	2 695 344
	-	1 768 249	3 965 482
December of manufacture 2045		D	Takal
Reconciliation of provisions - 2015 Carrying amount at the beginning of the period	Leave pay 1 423 273	Bonus 987 460	Total 2 410 733
Increase in provision	356 485	939 429	1 295 914
more add in provide.	1 779 758	1 926 889	3 706 647
Reconciliation of provisions - 2014	Leave pay	Bonus	Total
Carrying amount at the beginning of the period	1 404 885	847 973	2 252 858
Increase in provision	18 388 1 423 273	139 487 987 460	157 875 2 410 733
	1 423 273	907 400	2 410 733
11. VAT payable			
VAT	_	257 008	1 131 752
Vat is paid on an invoice basis.			
12. Consumer deposits			
Deposits held for events		18 917 711	21 319 321
Rental deposits	<u>-</u>	70 760	57 002
	<u>-</u>	18 988 471	21 376 323

Notes to the Annual Financial Statements

Figui	res in Rands	2015	2014
13.	Share capital		
	Authorised 1000 Ordinary shares of R1 each	1 000	1 000
	Issued 1 Ordinary Share of R1 each	1	1
14.	Revenue from exchange transactions		
	Sale of goods Rendering of services Rental of facilities and equipment	48 696 224 9 173 405 98 909 761 156 779 390	39 746 805 16 920 991 94 859 883 151 527 679
	No revenue arose from non-exchange transactions in the current and prior years.	100110000	10.1 02.1 0.10
15.	Other income		
	Rental income Debt impairment recovered Adjustment to provision for doubtful debts Recoveries - utilities	1 079 261 101 854 233 658	1 033 584 20 176 (386 675) 381 620
	Profit on sale of fixed assets	80 1 414 853	72 912 1 121 617
16.	Operating surplus		
	Operating surplus for the year is stated after accounting for the following:		
	Rental expense Motor vehicles		
	Truck hire Equipment	5 139	-
	• Hire	186 159 191 298	111 259 111 259
		-	
	Gain on sale of property, plant and equipment Depreciation on property, plant and equipment and intangible assets Employee costs	80 16 591 692 54 283 242	72 912 15 562 706 46 786 004
17.	Investment revenue		
	Interest revenue Interest on investments and current accounts	14 006 716	10 041 868
18.	Finance costs		
	Interest on late vat payment Other interest paid	22 297 8 635	- 556
		30 932	556

Changes in working capital:

Receivables from exchange transactions

Payables from exchange transactions

Inventories

Consumer deposits

VĂT

ICC Durban (Pty) Ltd.
Annual Financial Statements for the year ended 30 June 2015

Figu	ures in Rands	2015	2014
19.	Taxation		
	Major components of the tax expense		
	Current Local income tax - current period	4 333 783	
	Local income tax - current period	4 333 763	
	Deferred	044 440	/4 700 400
	Originating and reversing temporary differences Assessed loss utilised	641 110 2 334 012	(1 786 126 6 973 054
		2 975 122	5 186 928
		7 308 905	5 186 928
	Reconciliation of the tax expense		
	Reconciliation between accounting surplus and tax expense.		
	Accounting surplus	38 838 355	29 028 360
	Tax at the applicable tax rate of 28% (2014: 28%)	10 874 739	8 127 941
	Tax effect of adjustments on taxable income		
	Interest expense - non-deductible	6 243	7 750
	Penalties and fines Buildings depreciation	1 772 794	7 752 2 070 089
	Buildings depreciation Buildings impairment reversal	(5 344 871)	(3 412 382
	Utilisation of assessed loss	(5 544 67 1)	(1 606 472
		7 308 905	5 186 928
	The estimated tax loss which is available for set off against future taxable inco R Nil (2014: R 8 335 757).	me in the current year is	
20.	Cash generated from operations		
	Surplus	31 529 450	23 841 432
	Adjustments for: Depreciation and amortisation	16 591 692	15 562 706
	Profit on sale of assets and liabilities	(80)	(72 912
	Interest income	(14 006 716)	(10 041 868
	Finance costs	30 932	556
	Movement in tax receivable and payable	358 446	-
	Annual charge for deferred tax	2 975 122	5 186 928
	Reversal of impairments on buildings	(19 088 829)	(12 187 080
	Adjustment to asset costs (zero cost assets)	(6 316)	
	Change in working capital:	(= 3.0)	

(368 704)

111 674

(874 744)

2 456 775

(2387852)

17 320 850

691 251

(4 210 370) `3 323 160[°]

1 312 530

2 443 004

25 849 337

Notes to the Annual Financial Statements

Figu	ures in Rands	2015	2014
21.	General expenses		
	Advertising	2 210 294	1 478 683
	Auditors remuneration	717 606	829 706
	Bank charges	250 964	290 247
	Cleaning	5 187 652	4 284 862
	Commission paid	104 144	348 598
	Consulting and professional fees	2 525 149	3 450 493
	Donations	602	2 515
	Electricity	9 703 878	9 350 582
	Entertainment	1 696	7 731
	Fines and penalties	-	27 685
	Flowers	65 350	19 540
	Fuel and oil	-	54 839
	IT expenses	697 129	595 290
	Insurance	18 393	3 723
	Licences	210 570	321 377
	Magazine subscriptions	14 932	48 294
	Membership subscriptions	162 425	209 531
	Motor vehicle expenses	33 947	40 164
	Municipal rates	5 316 913	5 370 346
	Postage and courier	8 284	8 845
	Printing and stationery	690 311	545 812
	Recruitment expenses	47 466	192 568
	Refuse, garden and pest control	1 507 320	1 500 444
	Security (Guarding of municipal property)	6 292 933	6 032 820
	Staff welfare	152 800	95 952
	Telecommunication costs	648 730	555 030
	Training	157 064	147 088
	Transport costs	-	1 866 340
	Travel - local	472 458	453 970
	Travel - overseas	1 127 700	1 115 657
	Uniforms	100 564	394 640
	Water	1 457 589	1 710 765
		39 884 863	41 354 137
22.	Auditors' remuneration		
	Fees	717 606	829 706

Notes to the Annual Financial Statements

Figures in Rands	2015	2014

23. Employee related costs

Amount Expensed in the Statement of Financial Performance:

Movement in leave pay provision	(356 485) 52 869 854	(18 388) 46 157 868
Movement in bonus provision	(939 429)	(139 487)
Movement in PAYE, SDL and UIF liability	(117 474)	(470 261)
Amount paid as reflected in the Cash Flow Statement Employee costs	54 283 242	46 786 004
	54 283 242	46 786 004
13th Cheques	2 043 610	2 033 414
Overtime payments	51 223	19 104
Pension fund contributions	3 824 562	3 020 956
Leave pay provision charge	356 486	18 387
SDL	513 110	606 002
UIF	187 653	187 578
Bonus	1 027 746	40 900 303
Basic	46 278 852	40 900 563

Remuneration of executive management

Executive managers	Salary	Bonuses	Pension fund	Medical Aid	Total package 2015	Total package 2014
Chief Executive Officer (L. Rakharebe - appointed 01 April 2015)	456 239	-	-	21 873	478 112	-
Chief Executive Officer (J-M. Ellingson - resigned 05 July 2014)	-	525 000	-	-	525 000	2 076 426
Financial Director (M. Rambally)	1 078 769	-	172 722	-	1 251 491	432 332
Financial Director (J.R. Hurter - resigned 31 October 2013)	-	-	-	-	-	535 741
Sales and Marketing Director (M. Dorasamy)	951 170	140 629	152 306	-	1 244 105	825 133
Executive Chef (J. Moatshe)	757 995	82 911	121 398	98 232	1 060 536	868 819
Human Resources Senior Manager (F. Hattingh - appointed 01 October 2014)	515 781	15 769	82 614	14 448	628 612	-
Operations Director (N. Elia- Beissel)	1 029 134	175 738	164 780	39 816	1 409 468	1 162 201
Facilities Director (J.C. Hurter) Subtotal	1 067 948	-	170 991	56 850	1 295 789	371 668
	5 857 036	940 047	864 811	231 219	7 893 113	6 272 320

Remuneration paid to executive management is included in employee related costs.

Authorised capital expenditure Authorised operational expenditure

ICC Durban (Pty) Ltd.
Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	res in Rands			2015	2014
3.	Employee related costs (continued)				
	Remuneration of non executive directors				
	Fees for services as directors				
	D.T. Madlala			45 000	30 000
	J.P.F. van Rooyen (resigned 10 December 2014)			3 000	3 000
	A. Sewnarain			24 000	30 000
	S.S. Ngcobo			18 000	24 000
	L.A. Pampallis (resigned 20 June 2014) Z.P. Msimang			21 000	18 000 18 000
	M.S. Msomi			21 000	21 000
			-	132 000	144 00
	Fees paid to directors are included in employee relate	ed costs.	_		
	Meeting attendance				
	The directors have met on 5 separate occasions duri	ng the financial year.			
	Meeting Attendance	HR Committee	Finance Committee	Board Meetings	Total
	D.M. Madlala	3	4	5	12
	S.S.T. Ngobo	-	2	5	
	A. Sewnarain	4	2	2	
	J. van Rooyen Z.P. Msimang	4	-	1	
	M.S. Msomi	-	3	5	- -
			11	21	
		11			4.
1.	Commitments	11			4.
4.	Commitments Authorised capital expenditure	11	<u></u>		43
4.	Authorised capital expenditure Capital expenditure already committed for but not		·		
4.	Authorised capital expenditure		-		13 091 005
4.	Authorised capital expenditure Capital expenditure already committed for but not		-		
1.	Authorised capital expenditure Capital expenditure already committed for but not Culinary equipment Authorised operational expenditure Operating expenditure already committed for but	received	-	-	13 091 00
1.	Authorised capital expenditure Capital expenditure already committed for but not Culinary equipment Authorised operational expenditure Operating expenditure already committed for but Airconditioning services	received	-	- 657 552	13 091 00 1 643 88
1.	Authorised capital expenditure Capital expenditure already committed for but not Culinary equipment Authorised operational expenditure Operating expenditure already committed for but Airconditioning services Carpet cleaning services	received	-	- 657 552 755 841	13 091 00: 1 643 88
1.	Authorised capital expenditure Capital expenditure already committed for but not Culinary equipment Authorised operational expenditure Operating expenditure already committed for but Airconditioning services Carpet cleaning services Security services	received	-	657 552 755 841 6 470 357	13 091 009 1 643 88
4.	Authorised capital expenditure Capital expenditure already commited for but not Culinary equipment Authorised operational expenditure Operating expenditure already committed for but Airconditioning services Carpet cleaning services Security services Hygiene cleaning	received	-	657 552 755 841 6 470 357 542 095	13 091 009 1 643 88
4.	Authorised capital expenditure Capital expenditure already committed for but not Culinary equipment Authorised operational expenditure Operating expenditure already committed for but Airconditioning services Carpet cleaning services Security services Hygiene cleaning Parking maintenance	received	-	657 552 755 841 6 470 357	13 091 009 1 643 886
1.	Authorised capital expenditure Capital expenditure already committed for but not Culinary equipment Authorised operational expenditure Operating expenditure already committed for but Airconditioning services Carpet cleaning services Security services Hygiene cleaning Parking maintenance	received	-	657 552 755 841 6 470 357 542 095 490 440	

13 091 005

2 003 200

15 094 205

9 664 491

9 664 491

Figures in Rands

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

25.	Operating leases - as lessee		
	Minimum lease payments due - within one year - in second to fifth year inclusive	3 932 -	47 189 3 932
		3 932	51 12°

2015

2014

26. Operating leases - as lessor

	843 617	165 441
- in second to fifth year inclusive	486 524	99 857
- within one year	357 093	65 584
Minimum lease payments due		

The entity receives operating lease income for the use of the entity's premises and cable trays. The lease terms for all the leases are 3 years. Four of the leases have an annual escalation of 10% and two of the leases have an annual escalation of 6%.

27. Fruitless and wasteful expenditure

SARS - VAT interest for late payment	22 297	-
Department of Labour - WCA penalty for late submission	-	10 834
SARS - VAT penalty for late payment	-	16 851
	22 297	27 685

SARS charged a VAT penalty and interest for late payment in the current year. The entity was able to prove that it was due to an unknown technical error and the penalty was reversed in full. However SARS will not reverse the interest and the VAT Act does not obligate SARS to reverse interest.

28. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the directors and includes a note to the annual financial statements.

In terms of the Municipal Supply Chain Management Regulations, any deviations from the Supply Chain Management Policies have been approved. The total deviations for 2015 amounted to R 3 890 228 (2014: R 751 773).

29. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

A resolution by the eThekwini Municipality Council was passed on 24 June 2015 confirming the following: Extract from council minutes: "taking cognizance of the International Convention Centre Durban (Pty) Ltd and Durban Marine Theme Park (SOC) Ltd operating at a break-even level, excluding depreciation and finance charges, the Council confirms its commitment to ensuring the future financial viability of the International Convention Centre and the Durban Marine Theme Park and more specifically to meet any funding shortfalls that may compromise their ability to continue trading as a "going concern"."

The entity is currently operating above break even level.

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Bonds	2015	2014
Figures in Rands	2015	2014

30. Irregular expenditure

The internal controls around the supply chain management process were further improved during the current year.

During the year there was no irregular expenditure that requires recovery in terms of s125(2)(d) of the MFMA. There has also not been any criminal charges laid against any ICC official as there has not been any fraudulent activity noted by management in the procurement process.

Opening balance	-	17 726 844
Add: Irregular Expenditure - current year	-	7 068 950
Less: Amounts condoned	-	(24 795 794)
	-	_

31. Related parties

Relationships
Directors
Controlling entity
Fellow subsidiary
Entity owned by director

Loan accounts - Owing to related parties

Entity of close family member of key management

Refer to directors' report note eThekwini Municipality Convention Bureau Durban KwaZulu-Natal Ikhono Communications CC Wild Water Bottling and Distribution CC

Related party balances

eThekwini Municipality	226 589 660	226 589 660
Amounts included in Trade receivables regarding related parties eThekwini Municipality	2 608 236	7 164 363
Amounts included in Trade payables regarding related parties eThekwini Municipality	1 663 261	1 165 150
Other Related Party Assets eThekwini Municipality - Security Deposit	1 435 258	1 409 097
Other Related Party Liabilities eThekwini Municipality -Convention Bureau Durban KwaZulu-Natal eThekwini Municipality - Sponsorship received in advance	104 989 -	104 989 2 695 344
Related party transactions		
Sales to related parties eThekwini Municipality Z Msimang (Ikhono Communications CC)	26 587 433 519 789	27 440 862 1 178 612
Purchases from related parties eThekwini Municipality - Electricity eThekwini Municipality - Water eThekwini Municipality - Durban Solid Waste eThekwini Municipality - Municipal Rates N Elia-Beissel (Wild Water Bottling and Distribution CC)	9 703 878 1 457 589 750 951 5 316 913 17 108	
Commission paid to related parties Z Mismang (Ikhono Communications CC)	-	40 028

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Bonds	2015	2014
Figures in Rands	2015	201 4

32. Risk management

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

At 30 June 2015 Trade payables	Carrying amount 21 793 469	Contractual cash flows 21 793 469	12 months or less 21 793 469	More than 12 months
At 30 June 2014	Carrying	Contractual	12 months or	
Trade payables	amount 19 336 695	cash flows 19 336 695	less 19 336 695	months -

Credit risk

Credit risk, which is defined as the risk that one party to a financial instrument will fail to honour its obligation, thus causing the other party to incur a financial loss.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and other receivables. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customers base. Management evaluated credit risk relating to customers on an ongoing basis. Government customers provide a confirmed order before the event and have 30 day payment terms after the event. All other customers pay a deposit in full before the event takes place. Events do not take place without a confirmed order or a full deposit as applicable.

Trade receivables are individually evaluated annually at year end for impairment or discounting.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2015	2014
Cash and cash equivalents	212 560 925	200 237 419
Government trade receivables	2 608 236	7 164 363
Other receivables - trade exchange asset	63 981	-

Market risk

Interest rate risk

Interest rate risk, which is defined as the risk that the fair value or future cash flow associated with a financial instrument will fluctuate in amount as a result of market interest changes.

The entity is exposed to interest rate risk with regards to its short term deposits. To hedge this risk, the entity does not invest for longer than 12 months at a time for any deposit, and the interest rate is fixed for investment term. When reinvesting, interest rate quotes are obtained from all the major banks to ensure the best possible interest rate is obtained.

Foreign exchange risk

The entity does not hedge foreign exchange fluctuations unless there is material exposure.

33. Events after the reporting date

There were no material non-adjusting events after the reporting period.

34. Contingencies

The entity has no contingent liabilities that need to be provided for or disclosed in the annual financial statements.

Detailed Income statement (Unaudited)

Figures in Rands	Note(s)	2015	2014
Revenue and Other Income			
Sale of goods		48 696 224	39 746 805
Rendering of services		9 173 405	16 920 991
Rental of facilities and equipment		98 909 761	94 859 883
Rental income		1 079 261	1 033 584
Bad debt recoveries and adjustment to provision for doubtful debts		335 512	(366 499)
Recoveries - utilities		-	381 620
Reversal of Impairments (buildings)		19 088 829	12 187 080
Interest received - investment		14 006 716	10 041 868
Total revenue and other income		191 289 708	174 805 332
Expenditure			
Employee related costs	23	(54 283 242)	(46 786 004)
Depreciation and amortisation		(16 591 692)	(15 562 706)
Finance costs	18	(30 932)	(556)
Equipment hire		(191 298)	(111 259)
Bad debts written off		(10 686)	-
Repairs and maintenance		(7 543 386)	(6 025 157)
Cost of Sales		(33 915 334)	(36 010 065)
General Expenses	21	(39 884 863)	(41 354 137)
Total expenditure		(152 451 433)	(145 849 884)
Operating surplus	16	38 838 275	28 955 448
Gain on disposal of assets and liabilities		80	72 912
Surplus before taxation		38 838 355	29 028 360
Taxation	19	(7 308 905)	(5 186 928)
Surplus for the year		31 529 450	23 841 432

Auditor-General of South Africa

Durban International Convention Centre - Audit report: 2014-15

Report of the Auditor-General to the KwaZulu-Natal Provincial Legislature and the Council on Durban International Convention Centre

Report on the financial statements

Introduction

 I have audited the financial statements of the Durban International Convention Centre (Durban ICC) set out on pages XX to XX, which comprise, the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and the appropriation statement as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (Companies Act), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

- My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- 4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- 5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Durban ICC as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the MFMA.

Additional matters

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Other reports required by the Companies Act

8. As part of our audit of the financial statements for the year ended 30 June 2015, I have read the directors' report and the audit committee's report for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports I have not identified material inconsistencies between the reports and the audited financial statements. I have not audited the reports and accordingly do not express an opinion thereon.

Report on other legal and regulatory requirements

9. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

- 10. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for local economic development, municipal financial viability and management and basic service delivery presented in the annual performance report of the municipality for the year ended 30 June 2015.
- 11. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
- 12. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).

- 13. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
- 14. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following objectives: local economic development, municipal financial viability and management and basic service delivery.

Additional matter

15. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected objectives, I draw attention to the following matter:

Achievement of planned targets

16. Refer to the annual performance report on pages x to x, x to x and x to x for information on the achievement of the planned targets for the year.

Compliance with legislation

17. I performed procedures to obtain evidence that the entity had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

18. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I not identify any significant deficiencies in internal control.

Pietermaritzburg

27 November 2015



Auditor - General

Auditing to build public confidence